



MBOMBELA LOCAL MUNICIPALITY  
DRAFT 2012/2013 – 2014/2015  
ANNUAL BUDGET AND MEDIUM-  
TERM REVENUE AND  
EXPENDITURE FRAMEWORK

# **MBOMBELA LOCAL MUNICIPALITY**

## **2012/13 TO 2014/15 DRAFT ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FORECASTS**

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## **Abbreviations and Acronyms**

**CPIX** – Consumer Price Index Excluding Mortgage Costs

**DORA** – Division of Revenue Act

**DPLG** – Department of Provincial and Local Government

**GDP** – Gross Domestic Product

**GRAP** – Generally Recognised Accounting Practice

**Equitable Share** – A general grant paid to municipalities

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality.

**MFMA** – Municipal Finance Management Act (No 56 of 2003)

**MIG** – Municipal Infrastructure Grant

**MPRA** – Municipal Property Rates Act

**MTREF** – Medium-term Revenue and Expenditure Framework

**NERSA** – National Electricity Regulator South Africa

**NT** – National Treasury

**Operational Expenditure** – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Rates** – Local Government tax based on assessed valuation of a property

**SDBIP** – Service Delivery and Budget Implementation Plan

**Adjustment Budgets** – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury

**Budget** – The financial plan of a municipality

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

## PART 1 – ANNUAL BUDGET

### 1.1 MAYOR'S REPORT

The report will tabled by the Executive Mayor with the final 2012/2013 – 2014/2015 annual budget and MTREF.

### 1.2 COUNCIL RESOLUTIONS

On 29 March 2012, under item A(2), the municipal council has at its special meeting held at Mbombela Council Chambers considered the draft 2012/2013 – 2014/2015 annual budget and Medium-Term Revenue and Expenditure Framework and resolved that;

- (a) Council take note of the contents of the report;
- (b) the draft budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for the 2012/2013 – 2014/2015 financial years, as reflected in the below schedule, be adopted:

Description	2009/2010 Actual (R'000)	2010/2011 Actual (R'000)	2011/2012 Estimate (R'000)	2012/2013 Forecast (R'000)	2013/2014 Forecast (R'000)	2014/2015 Forecast (R'000)
Operating Budget	1 048 439	1 574 957	1 552 606	1 669 989	1 830 282	1 962 841
Capital Budget	1 296 223	574 048	535 596	473 255	563 377	586 788
Total Budget	2 344 662	2 149 005	2 088 202	2 143 244	2 393 659	2 549 629

- (c) the draft operating and capital projects expenditure budgets for the 2012/2013 – 2014/2015 financial years, depicted under 1.6 of this report, be adopted;

- (d) the draft annual budget for the financial year 2012/2013, indicative allocations for the two projected outer years 2013/2014 and 2014/2015 as well as the multi-year and single year capital appropriations, be approved as set-out in the new budget and reporting regulations, depicted under 1.7 of this report,
- Budgeted Financial Performance (revenue and expenditure by standard classification)
  - Budgeted Financial Performance (revenue and expenditure by municipal vote)
  - Budgeted Financial Performance (revenue by source and expenditure by type)
  - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;
- (e) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables, attached as annexure 486/2012 to the report, be adopted:
- Budgeted financial position
  - Budgeted cash flows
  - Cash backed reserves and accumulated surplus reconciliation
  - Asset management
  - Basic service delivery measurement;
- (f) in terms of sections 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 6 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be approved for implementation with effect from 1 July 2012:

<b>Description</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
Electricity	30.0%	31.27%	19%	20.38%	12.0%	11.0%	11.0%
Water	8.0%	8.0%	7.0%	8.0%	10.25%	9.4%	10.4%
Sewer	8.0%	8.0%	6.0%	8.0%	10.25%	9.4%	10.4%
Refuse Removal	8.0%	9.0%	8.0%	10.0%	10.25%	10.0%	11.0%
Property Rates	8.0%	0.0%	3.0%	5.0%	6.5%	6.7%	6.5%
Other tariffs	8.0%	10.0%	6%	10%	11.0%	11.0%	11.0%
Semcorp – Water and Sewerage	10.0%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

- (g) the free basic services package as set out below, be adopted for the medium-term 2012/2013 – 2014/2015 financial years:

<b>Description of Services</b>	<b>Quantity</b>	<b>2009/2010 Actual (R-value)</b>	<b>2010/2011 Actual (R-value)</b>	<b>2011/2012 Estimate (R-value)</b>	<b>2012/2013 Forecast (R-value)</b>	<b>2013/2014 Forecast (R-value)</b>	<b>2014/2015 Forecast (R-value)</b>
Free Basic Water and Sewer	6 kilolitres per month	21,778,407	32,198,002	35,417,802	39,322,615	43,018,941	47,492,911
Free Basic Electricity	50 kilowatts per month	4,500,000	5,355,000	6,785,321	9,271,462	10,291,323	11,423,368
Free Basic Refuse Removal	100% subsidy on tariff	1,534,560	1,626,634	1,789,297	2,169,970	2,386,967	2,649,534
Property Rates	Between 25% and 100% rebate	564,100	581,023	610,074	688,713	734,856	782,622
<b>Total</b>		<b>28,377,067</b>	<b>39,760,659</b>	<b>44,602,494</b>	<b>51,452,760</b>	<b>56,432,087</b>	<b>62,348,435</b>

- (h) note be taken that the draft capital budget for 2012/2013 does not include any projects to be rolled-over from the 2011/2012 financial year;
- (i) any roll-over of projects funded from conditional grants be approved by Council for inclusion on the budget for 2012/2013 once approval has been granted by the National Treasury for such roll-over and departments intending to roll-over grant funded projects submit applications for the roll-over to the Acting Municipal Manager before 4 May 2012, so that approval can be sought from the National Treasury in accordance with the Municipal Finance Management Act, Circular 59;
- (j) the Municipal Manager be authorised to commence with the process prescribed in section 46 of the Municipal Finance Management Act, 56 of 2003, regarding the required borrowing of R300 million to fund the capital expenditure, R100 million be taken up in the 2012/2013 financial year and R200 million in the 2014/2015 financial year;
- (k) an independent financial assessment and credit rating be conducted before the implementation of (j) above and a report thereon be submitted to Council together with the final budget for 2012/2013, before 30 June 2012;
- (l) the retention of cash, equivalent to 3 per cent of the rates and services charge revenue on an annual basis to be transferred to a separate bank account for cash-backing of the capital replacement reserve, be approved;
- (m) the additional amount of R21 million for water provided on the budget of the 2012/2013 financial year, as indicated in the third column of the table on page 17 of the report, be utilised for the purchasing of bulk water for communities in the eastern axis of Mbombela;
- (n) a list of projects, for which technical assistance by the Ehlanzeni District Municipality will be required in order to implement it, be compiled and submitted to Council for approval;
- (o) Sembcorp/Silulumanzi be requested to provide Council with a copy of its budget for 2012/2013 as a matter of urgency.

### **1.3 EXECUTIVE SUMMARY**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

National Treasury's MFMA Circular No. 51, 54, 55, 58 and 59 were used to guide the compilation of the draft 2012/2013 – 2014/2015 annual budget and MTREF. The planning of the budget involved consideration of all factors, which had far reaching implications on the annual budget of the municipality.

The 2012/2013 – 2014/2015 budget and medium-term revenue and expenditure framework was prepared on the basis of the following priorities, guidelines and assumptions

#### **1.3.1 National priorities**

The national government's main priorities for the medium-term is services and social infrastructure development and job creation and therefore the focus and priorities of all spheres of government should be geared towards the achievement of this priorities.

As we prepare our next five year integrated development plan we need to ensure that our plans and budgets are redirected towards the achievements of this priorities. we need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme.

The municipality should not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term.

The municipality ought to focus on maximizing its contribution to job creation by:

- (a) Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- (b) Ensuring that service providers use labour intensive approaches;

- (c) Supporting labour intensive Local Economic Development projects;
- (d) Participating fully in the Extended Public Works Programme; and
- (e) Implementing interns programmes to provide young people with on-the-job training.

The municipality should also play a critical role in creating an enabling environment for investments and other activities that lead to job creation.

### 1.3.2 Economic outlook and forecasts - headline inflation and gross domestic products forecasts

Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. Consequently, municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so the municipality must adopt a conservative approach when projecting their expected revenues and cash receipts.

- (a) Headline inflation forecast over the medium-term

Fiscal year	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate
Headline CPI	3.3%	5.7%%	5.9%	5.3%	4.9%

The actual CPI for Mpumalanga Province was 6.7% at 31 December 2011 and it remained unchanged in January 2012.

The South African Reserve Bank inflation forecast and outlook for domestic economic growth, quote from Statement of the Monetary Policy Committee issued on 19 January 2012;

***“The inflation forecast of the Bank has been subject to a further upward revision. Inflation is now expected to remain outside the upper end of the target range for the whole of 2012, and to peak in the second quarter of 2012 at around 6,6 per cent before declining gradually and returning to within the target range in the first quarter of 2013. Inflation is expected to measure 5,5 per cent in the final quarter of 2013”***

## (b) Economic outlook over the medium-term

***“According to the South African Reserve Bank’s forecast, the annual real growth rate in 2011 is estimated to have been in the region of 3,1 per cent, but the outlook for 2012 and 2013 has deteriorated relative to the previous forecast, mainly due to a downward revision to the global growth assumption. Growth in 2012 is expected to average 2,8 per cent compared with 3,2 per cent in the previous forecast, while the forecast for growth in 2013 has been revised down from 4,2 per cent to 3,8 per cent”***

Quote from 2012 Budget Speech delivered by the Minister of Finance on 22 February 2012 on economic outlook;

***“The South African economy has averaged about 3 per cent growth a year since 2009. Against the background of the slowdown in the global economy, real GDP growth is likely to fall to about 2.7 per cent in 2012”***

***“We expect a recovery to 3.6 per cent and 4.2 per cent growth in 2013 and 2014, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer”***

And therefore the general nominal rate increase on the municipality’s tariffs for services and sundry charge for 2012/2013 – 2014/2015 budget and MTREF would be determined using the International Fischer Effect formula;

$$(1+rn) = (1+rr)(1+i)-1$$

rn = Nominal rate

rr = Real rate

i = Inflation (CPI)

2012/2013 financial year:  $(1+rn) = (1+0.027)(1+0.059) - 1 = 8.76\%$

2013/2014 financial year:  $(1+rn) = (1+0.036)(1+0.053) - 1 = 9.09\%$

2014/2015 financial year:  $(1+rn) = (1+0.042)(1+0.049) - 1 = 9.30\%$

### **1.3.3 Revenue enhancement assumptions**

#### **(a) Grants allocations**

The total grants allocated to the municipality in terms of the 2012 Division of Revenue Bill amounts R1 891 billion over the medium-term and the total allocation for 2012/2013 budget year is R611 million. The total grant in-kind allocation over the medium-term amounts to R83 million.

The unconditional grants amounts to R1 060 billion over the medium-term and the allocation for 2012/2013 budget year amounts to R321 million. The conditional grants amounts to R829 million over the medium-term and the allocation for 2012/2013 budget year amounts to R290 million. The grants in-kind allocation for the 2012/2013 budget year amounts to R18 million.

The Municipal Infrastructure Grant (MIG) framework in the 2012 Division of Revenue Bill provides that a maximum of five per cent may be used for project management costs that are directly related to infrastructure projects.

#### **(b) Revising of rates, tariffs and other charges**

When the municipality revised its rates, tariffs and other charges for the 2012/13 budgets and MTREF, it need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

To ensure the municipality continue to efficient deliver services, eradicate backlogs in term of services and social infrastructure, maintain, upgrade and renewal of the existing infrastructure as well as ensuring financial stability and long-term sustainability, the increase of rates, tariffs and other charges over the medium-term is proposed to be as follows;

<b>Description</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Electricity	30%	31.27%	19%	20.38%	12%	11%	11%
Water	8%	8%	7%	8%	10.25%	9.4%	10.40%
Sewer	8%	8%	6%	8%	10.25%	9.4%	10.40%
Refuse Removal	8%	9%	8%	10%	10.25%	10%	11%
Property Rates	8%	0%	3%	5%	6.5%	6.7%	6.5%
Other tariffs	8%	10%	6%	10%	11%	11%	11%
Silulumanzi	10%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

The average increase on rates and service charge tariffs for 2012/2013 will be 9.7% and 9.5% over the medium-term.

(c) Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 13.50% per cent on 1 July 2012. The municipality needs to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

(d) Water and sanitation tariffs must be cost-reflective

We need to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014., as prescribed in MFMA Circular 58.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels.

(e) Solid waste tariffs

The municipality should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015, as prescribed in MFMA Circular 58.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

(f) The ability of municipality to collect revenue (payment levels)

The payment level trend for the past three years and the forecast for the next mid-term, including current financial year estimate is as follows;

<b>Description</b>	<b>Actual 2008/09</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>	<b>Estimate 2011/12</b>	<b>Forecast 2012/13</b>	<b>Forecast 2013/2014</b>	<b>Forecast 2014/2015</b>
Payment Levels	92%	85%	97%	90%	92%	92%	94%

The summary of outstanding debts for the past three years, including current financial year estimate is as follows;

<b>Description</b>	<b>2008/2009 Actual</b>	<b>2009/10 Actual</b>	<b>2010/11 Actual</b>	<b>2011/12 Estimate</b>	<b>2012/13 Forecast</b>
Outstanding Debts	R 303 467 611	R331 151 658	R385 743 093	364,965,647	R345 607 354
<b>Growth</b>	<b>22%</b>	<b>9%</b>	<b>16%</b>	<b>-5%</b>	<b>-5%</b>

The Financial Service Department has revised the revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 14% per annum or 1.15% per month.

#### 1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 6.3% in 2012/13, 7.3% in 2013/14 and 5% in 2014/15, except the key cost or expenditure drivers stated on the table below;

DESCRIPTION	% ADJUSTMENT
Salaries, Wages And Allowances	<ul style="list-style-type: none"> <li>• 7.5% increase during 2012/13 and 3.7% of the employees cost is allocated for critical vacant posts.</li> <li>• 6.6% general increase during 2013/14 and 6% of the employees cost is allocated for critical vacant posts.</li> <li>• 6.4% increase during 2014/15 and 1.5% of the employees cost is allocated for critical vacant posts.</li> <li>• Although MFMA Circular 58 states that the increase should be 5% over the medium-term however our forecast based on wage agreements reached, annual increase is normal inflation plus 1% or 2%.</li> </ul>
Remuneration of Councilors	6%, 5% and 5% increases for 2012/13, 2013/14 and 2014/15 financial year respectively.
General Expenditure: Bulk Purchase	NERSA has given Eskom increase of 13.5% for 2012/2013 financial year.

General Expenditure	3% increase for 2012/2013 and then 5% for the two outer financial years.
Interest on external loan	Will depend on the funding model council will approve for the financing of capital expenditure over the next five years.
Repairs and Maintenance	6% average increase in 2012/13, 10% average increase in 2013/14 and 6% increase in 2014/15. The budget on repairs and maintenance will be reviewed during 2013/2014 to be in line with norms set by the National Treasury on MFMA Circular 55 once all departments have updated their asset maintenance plans.
Special operating IDP Projects	13% increase in 2012/13 and average 10% for outer two years. The significant increase during 2012/2013 is mainly due to provision made for hosting of 2013 African Cup of Nations tournament and the UNWTO conference.
Provision for doubtful debts	Provision for 8% on the rates and services charge for 2012/13 and 2013/14 and then 6% for 2014/15.

### 1.3.5 Cash backing provided in capital replacement reserve

The municipality should develop a strategy to fund infrastructure (both new and replacement) that takes into account internally generated funds, borrowing, development charges, transfers and any other relevant source of capital funding. The municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets – it must therefore be fully cash-backed.

It is proposed that cash equivalent to 3% of the annual operating revenue, excluding grants allocation should be set-a-side on annual basis to ensure the capital replacement reserve becomes fully cash-backed over the medium-term.

### 1.3.5 Capital budget funding and projects

The funding of the capital expenditure will be sourced from conditional grants allocations, external loans (borrowings) and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts over the medium-term.

The leverage of financial pressure or burden of the current ratepayers and users of municipal services will have to be considered so that the cost of infrastructure development and renewal should be evenly spread to future ratepayers and users of the municipal services and not burden the current ratepayers and user of municipal services with huge tariff increases as it is not sustainable.

And therefore there is a need to consider during the medium-term of funding part of the municipal infrastructure development programme through long-term borrowings. The funds to be obtained from these sources should be earmarked for new, upgrade, refurbishment, replacement and renewal of revenue generating infrastructure so that the municipality is able to generate sufficient revenue to service and repay the loans when they become due.

The municipality has been conservative in its approach for funding of the infrastructure development and renewal using borrowed capital. The current borrowings amount to R240 million and in terms of the key financial indicators the municipality is under-borrowed, the following indicators reflect such conclusion;

<b>Description of Indicators</b>	<b>Current Status</b>	<b>Norm</b>
Finance Charges (% to Total operating expenditure)	2%	5% - 15%
Non Current Liabilities to Total Operating Revenue	15%	<45%
Total Debt to Total Operating Revenue (less grants)	25%	<45%
Gearing - Long Term Borrowing to Funds and Reserves	8%	<45%
Debt Payment Service Costs to Revenue	6%	5% - 15%

Our preliminary forecast indicates that the municipality has a capacity to borrow approximately additional R300 million over the medium term, R100 million to be borrowed during 2012/2013 financial year and R200 million to be borrowed during 2014/2015 financial year and the situation in terms of the key financial indicators will be follows;

Description of Indicators	Current Status	2012/2013	2014/2015	Norm
Finance Charges (% to Total operating expenditure)	2%	3%	3%	5% - 15%
Non Current Liabilities to Total Operating Revenue	15%	28%	28%	<45%
Total Debt to Total Operating Revenue (less grants)	25%	28%	28%	<45%
Gearing - Long Term Borrowing to Funds and Reserves	8%	10%	14%	<45%
Debt Payment Service Costs to Revenue	6%	8%	8%	5% - 15%

### 1.3.6 Provision of free basic services provision to the indigent households

The Indigent Policy of the municipality as approved by Council in 2003 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy is being reviewed to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs on an annual basis

The following assumptions were also taken into consideration towards the provision of free basic services;

- Reducing the impact of poverty through free basic service provision
- Protecting the poor from the harsh economic realities.
- Expansion of the current free basic services provision by providing Free Alternative Basic Energy

The statistical information on population is;

<b>Description</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
Total number of people in municipal area	527 203	527 203	527 203	527 203
Total number of households in municipal area	137 353	137 353	137 353	137 353
Total number of poor households in municipal area	58 512	58 512	58 512	58 512

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

## 1.4 OPERATING REVENUE FRAMEWORK

For Mbombela Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 92 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2013/14 annual budget and MTREF – Revenue classified by main source:

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	737 154
Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 875	32 221	36 668
Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 135	19 121	21 743
Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment	1 596	1 412	24 220	23 064	14 047	14 047	14 047	22 910	25 327	26 963
Interest earned - external investments	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 301	4 430	4 516
Interest earned - outstanding debtors	30 810	24 027	18 625	18 339	15 521	15 521	15 521	18 339	20 173	22 190
Fines	4 557	3 023	3 079	3 742	2 162	2 162	2 162	3 742	4 117	4 488
Licences and permits	6	9	6	5 299	6 299	6 299	6 299	7 830	9 004	10 354
Agency services	18 834	20 137	20 663	71 688	71 688	71 688	71 688	77 921	85 713	85 713
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	331 689	382 118	298 130
Gains on disposal of PPE	–	263	5 126	9 555	9 555	9 555	9 555	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>

Percentage growth in revenue by main revenue source:

DESCRIPTION	2011/12 ADJUSTED BUDGET (R-value)	2012/13 ESTIMATE (R-value)	2013/14 FORECAST (R-value)	2014/15 FORECAST (R-value)	GROWTH % - MTREF
Property Rates	-343,941,586	-389,875,258	-429,691,338	-478,093,841	39%
Electricity Services Charge	-491,034,224	-565,107,518	-643,173,001	-737,153,927	50%
Refuse Removal Services Charge	-51,409,726	-57,812,807	-65,183,940	-74,524,799	45%
Sewerage Services Charge	-15,376,863	-17,135,207	-19,120,835	-21,742,684	41%
Water Services Charge	-25,677,281	-28,875,386	-32,221,466	-36,667,963	43%
Operating grants	-298,996,936	-320,607,000	-351,912,000	-387,174,000	29%
Conditional grants	-324,262,100	-292,719,000	-340,188,860	-244,267,000	-25%
Rental Fees	-18,793,579	-22,910,394	-25,327,460	-26,962,635	43%
Interest on Investments	-4,019,260	-4,300,849	-4,429,874	-4,515,891	12%
Interest on Outstanding debts	-15,520,679	-18,339,090	-20,172,999	-22,190,298	43%
Agency Fees	-71,687,560	-77,921,261	-85,713,387	-85,713,387	20%
Licence Fees	-6,298,542	-7,829,954	-9,004,145	-10,354,434	64%
Fines	-2,161,713	-3,742,106	-4,116,754	-4,488,232	108%
Other Income	-27,748,320	-38,969,923	-41,929,492	-53,863,442	94%
Income Foregone	97,196,882	108,690,413	119,227,949	132,056,876	36%
<b>Total Operating Revenue</b>	<b>-1,599,731,487</b>	<b>-1,737,455,340</b>	<b>-1,952,957,601</b>	<b>-2,055,655,656</b>	<b>43%</b>
<b>Growth %</b>		<b>8.6%</b>	<b>12.4%</b>	<b>5.3%</b>	<b>8.8%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2011/12 financial year, revenue from rates and services charges totaled R927 million or 55%. This increases to R1.1 billion in 2012/2013 and R1.2 billion, and R1.3 billion in the respective financial years of the MTREF. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in SA1

Operating grants and transfers is the second largest revenue source totaling R321 million in the 2012/13 financial year and steadily increases to R387 million by 2014/15.

The following table gives a breakdown of the various operating and capital grants and subsidies, and in kind-allocations to the municipality over the medium term:

<b>OPERATING GRANT</b>			
Equitable Share	312 298 000	334 542 000	359 474 000
Municipal Sytems Improvement Grant (MSIG)	800 000	870 000	950 000
Financial Management Grant (FMG)	1 500 000	1 500 000	1 750 000
Water Service Operating Grant	6 009 000	15 000 000	25 000 000
<b>TOTAL OPERATIONAL ALLOCATION</b>	<b>320 607 000</b>	<b>351 912 000</b>	<b>387 174 000</b>
<b>CAPITAL GRANTS</b>			
Municipal Infrastructure Grant (MIG)	188 062 000	198 383 000	209 853 000
Neighbourhood Development Partnership Grant	-	5 000 000	4 414 000
Public Transport Infrastructure and Systems Grant	98 703 000	113 762 000	-
Intergrated National Electrification Programme	-	5 500 000	5 000 000
Electricity Demand Side Management	-	-	-
<b>TOTAL CAPITAL ALLOCATION</b>	<b>286 765 000</b>	<b>322 645 000</b>	<b>219 267 000</b>
Expanded Public Works Programme	2 954 000	-	-
<b>TOTAL ALLOCATION</b>	<b>2 954 000</b>	<b>-</b>	<b>-</b>
<b>IN-KIND ALLOCATIONS</b>			
Regional Bulk Infrastructure	3 000 000	10 000 000	25 000 000
Intergrated National Electrification Programme	14 204 000	11 026 000	9 908 000
Water Services Operating Subsidy	300 000	5 000 000	5 000 000
Neighbourhood Development Partnership Grant	-	-	-
<b>TOTAL IN-KIND ALLOCATION</b>	<b>17 504 000</b>	<b>26 026 000</b>	<b>39 908 000</b>

Property rates is the third largest revenue source totaling 19% of the total revenue or R281 million rand and increases to R346 million by 2014/15.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the municipality, local economic conditions and the affordability of services taking into consideration the municipality's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

**Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP322 Mbombela - Supporting Table SA14 Household bills										
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent							% inclu			
<u>Monthly Account for Household - 'Middle Income Range'</u>										
<b>Rates and services charges:</b>										
Property rates	251.46	383.89	395.44	407.05	407.05	407.05	6.5%	433.51	462.55	492.62
Electricity: Basic levy	66.33	87.00	80.00	–	–	–	12.0%	–	–	–
Electricity: Consumption	458.30	689.66	860.50	930.00	930.00	930.00	12.0%	1 041.60	1 156.18	1 283.36
Water: Basic levy	40.86	44.13	47.66	51.50	51.50	51.50	10.3%	56.77	62.10	68.56
Water: Consumption	189.84	204.26	221.28	240.00	240.00	240.00	10.3%	264.54	289.41	319.51
Sanitation	240.79	240.00	254.40	219.60	219.60	219.60	10.3%	242.05	264.81	292.35
Refuse removal	81.77	88.31	97.14	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
<b>sub-total</b>	<b>1 329.35</b>	<b>1 737.25</b>	<b>1 956.42</b>	<b>1 955.15</b>	<b>1 955.15</b>	<b>1 955.15</b>	<b>10.3%</b>	<b>2 156.41</b>	<b>2 364.78</b>	<b>2 600.39</b>
VAT on Services	150.90	189.47	218.54	216.73	216.73	216.73	0.01	241.21	266.31	295.09
<b>Total large household bill:</b>	<b>1 480.25</b>	<b>1 926.72</b>	<b>2 174.96</b>	<b>2 171.88</b>	<b>2 171.88</b>	<b>2 171.88</b>	<b>10.4%</b>	<b>2 397.62</b>	<b>2 631.09</b>	<b>2 895.48</b>
% increase/-decrease		30.2%	12.9%	(0.1%)	–	–		10.4%	9.7%	10.0%
<u>Monthly Account for Household - 'Affordable Range'</u>										
<b>Rates and services charges:</b>										
Property rates	35.50	18.82	39.49	290.75	290.75	290.75	6.5%	309.65	330.40	351.87
Electricity: Basic levy	66.33	–	105.96	–	–	–	12.0%	–	–	–

Electricity: Consumption	228.23	370.86	364.61	385.00	385.00	385.00	12.0%	431.20	478.63	531.28
Water: Basic levy	40.86	–	47.66	51.50	51.50	51.50	10.3%	56.77	62.10	68.56
Water: Consumption	150.29	162.26	175.29	190.00	190.00	190.00	10.3%	209.43	229.11	252.94
Sanitation	203.74	152.00	235.40	173.85	173.85	173.85	10.3%	191.63	209.64	231.44
Refuse removal	81.77	28.31	98.04	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other				–	–	–	11.0%	–	–	–
sub-total	806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
VAT on Services	107.97	99.88	143.77	127.03	127.03	127.03	0.00	140.97	155.29	171.95
Total small household bill:	914.69	832.13	1 210.22	1 325.13	1 325.13	1 325.13	10.0%	1 457.58	1 594.91	1 752.05
% increase/-decrease		(9.0%)	45.4%	9.5%	–	–		10.0%	9.4%	9.9%
<u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u>										
Rates and services charges:										
Property rates	35.50	18.82	19.40	174.45	174.45	174.45	6.5%	185.79	198.24	211.12
Electricity: Basic levy	–	–	–	–	–	–	12.0%	–	–	–
Electricity: Consumption	34.01	44.68	36.62	31.50	31.50	31.50	12.0%	–	–	–
Water: Consumption	–	–	–	140.00	140.00	140.00	10.3%	154.32	168.82	186.38
Sanitation	81.77	88.31	97.14	128.10	128.10	128.10	10.3%	141.20	154.47	170.54
Refuse removal				–	–	–	10.3%	–	–	–
sub-total	151.28	151.81	153.16	474.05	474.05	474.05	1.5%	481.30	521.53	568.04
VAT on Services	16.21	18.62	18.73	41.94	41.94	41.94	(0.01)	41.37	45.26	49.97
Total small household bill:	167.49	170.43	171.89	515.99	515.99	515.99	1.3%	522.67	566.79	618.00
% increase/-decrease		1.8%	0.9%	200.2%	–	–		1.3%	8.4%	9.0%

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the IDP priorities.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2011/12 budget and MTREF (classified per main type of operating expenditure):

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Debt impairment	101 931	51 063	8 993	68 318	84 181	84 181	84 181	76 009	85 613	72 968
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	384 535	439 293	499 608
Other materials	–	–	–	34 315	31 015	31 015	31 015	32 876	37 808	40 076
Contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	179 838	195 527	206 084
Other expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	214 713	228 608	240 351
<b>Total Expenditure</b>	<b>1 107 229</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 877</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 669 989</b>	<b>1 830 282</b>	<b>1 962 841</b>

The budgeted allocation for employee related costs for the 2012/13 financial year totals R431 million which equals 25.8% of the total operating expenditure. Based on the fact that the salary wage collective agreement 2009/10 to 2011/12 has come to an end in the absence of any other information from SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.5% and 3.7% is allocated for the critical vacant posts for the 2012/13 financial year, 6.6% general increase during 2013/14 and 6% is allocated for critical vacant posts, an annual increase of 6.4% during 2014/15 and 1.5% is allocated for vacant posts. Although MFMA Circular 58 states that the increase should be 5% over the medium-term however our forecast based on wage agreements reached in the past, the annual increase is normal set at inflation plus 1% or 2%.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. Remuneration for councilors has increased by 6% for 2012/13, 5% for 2013/14 and 5% for 2014/15 financial years respectively.

The provision of debt impairment was determined based on an annual collection rate of 90% during the adjustments budget for the year 2011/12. For the 2012/13 financial year this amount equates to R76 million and escalates to R86 million by 2013/14, and decrease to R73 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of the asset consumption. Budget appropriations in this regard total R288 million for the 2012/13 financial and equates to 17% of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard in the 2011/12 financial year has meant bringing a range of assets previously not included in the assets register to the register which has resulted in the municipality to reflect a significant increase of non - cash deficit on the budgeted statement of financial performance, circular 58 is trying to correct the situation by excluding the depreciation resulted from the addition of the assets that were not included in the asset register on the previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.5% (R42 million) of operating expenditure excluding annual redemption for 2012/13 and decrease to R41 million by 2013/14 and increase to R59 million by 2014/15. The municipality has not been gearing enough during the previous financial years and the current gearing is standing at 8% and ideal situation will be gearing of not more than 45%.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R385 million due to an increase of 13.5% given to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2012. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality infrastructure. For 2012/13 the appropriation against this group of expenditure is sitting at R32 million, R37 million for 2013/14 and R40 million for 2014/15 financial year.

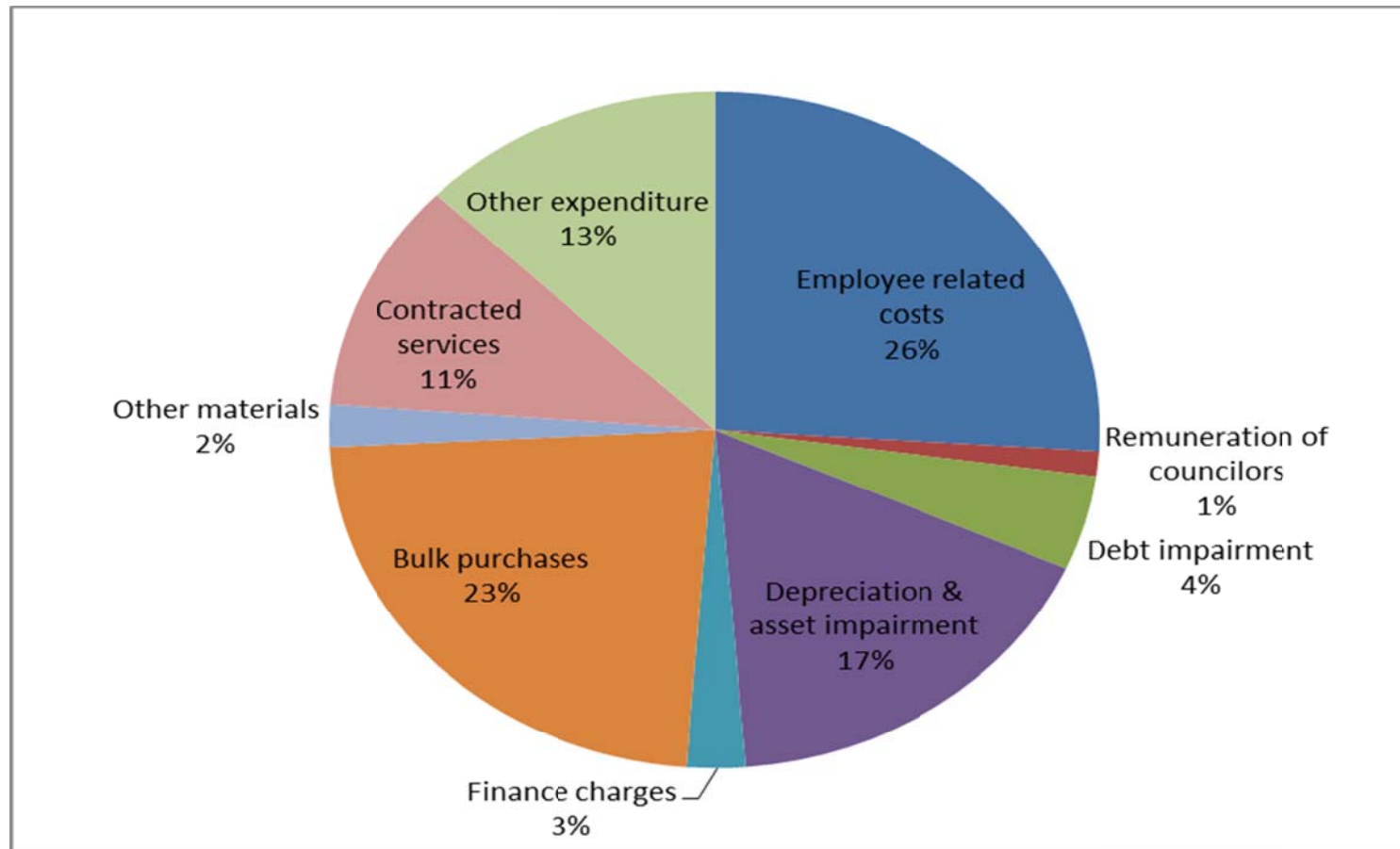
The general expenditure increases marginal by 3% to R144 million in 2012/2013 and the overall increase over the medium-term is R18 million (12%) to R158 million in 2014/2015 financial year. The marginal increase in general expenditure is due to continues review of the expenditure patterns and conducted with the intention of shifting funds from low priority programmes to high priority programmes in line with national government's guidelines.

A total of R118 million has been allocated during the 2012/2013 financial year for repairs and maintenance of the municipal infrastructure and assets, increasing to R129 million in 2014/2015, resulting in an increase of 18% over the medium-term.

An amount of R57 million has been allocated on the 2012/2013 financial year for operational IDP projects in response to the developmental priorities of the municipality and the total amount allocated over medium-term will be R186 million.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2011/12 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R179 million which is 10.76% of the total operating budget. For the two outer years it shows a slight decrease limited to 10.68% and 10.49%.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year as a percentage:

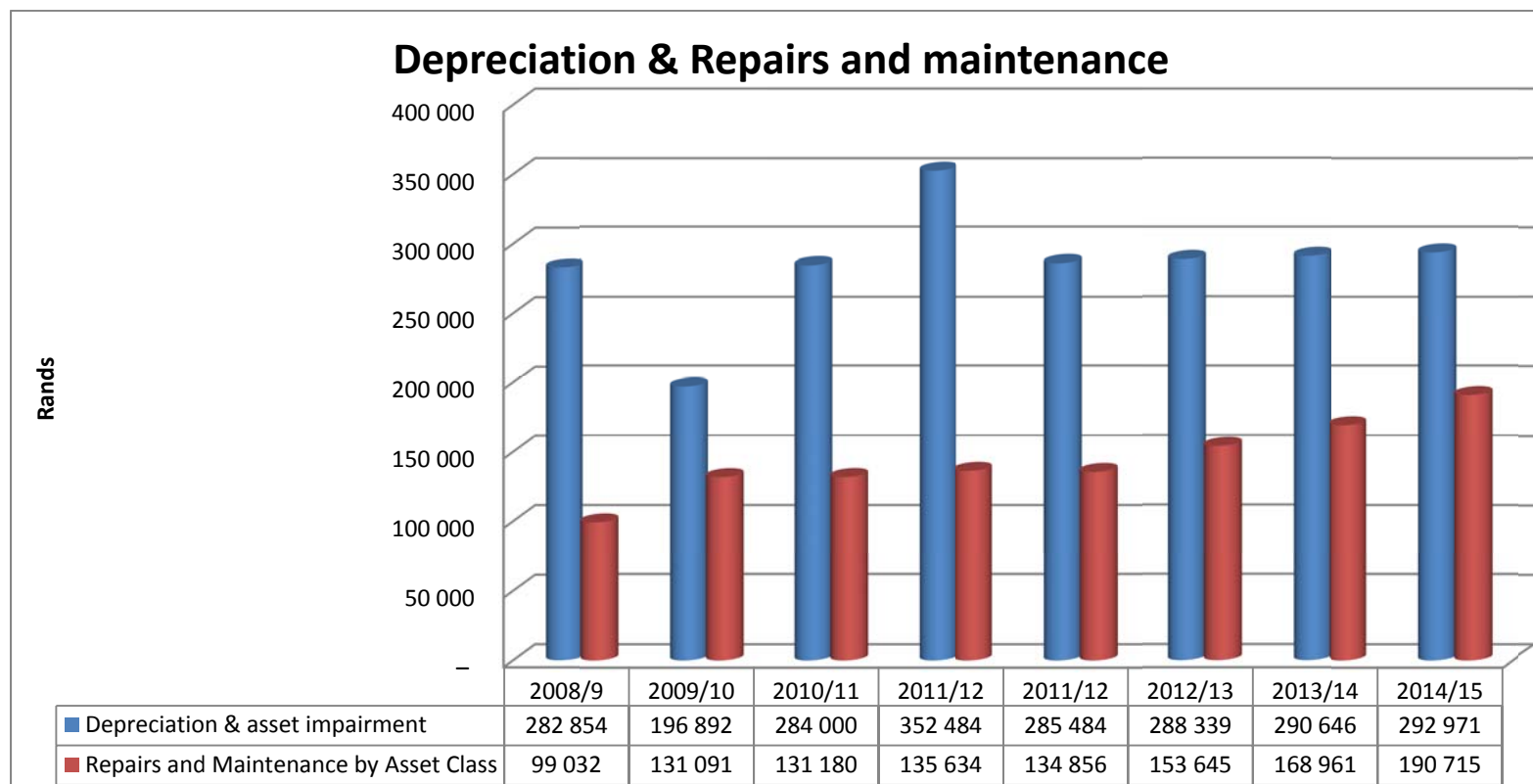


During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation &amp; asset impairment</u>	282 854	196 892	284 000	352 484	285 484	285 484	288 339	290 646	292 971
<u>Repairs and Maintenance by Asset Class</u>	99 032	131 091	131 180	135 634	134 856	134 856	153 645	168 961	190 715
<i>Infrastructure - Road transport</i>	29 058	48 307	49 950	43 181	34 002	34 002	36 842	40 883	42 677
<i>Infrastructure - Electricity</i>	25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Infrastructure - Water</i>	13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Infrastructure - Sanitation</i>	10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Infrastructure - Other</i>	5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
<b>Infrastructure</b>	<b>84 579</b>	<b>107 397</b>	<b>107 890</b>	<b>107 945</b>	<b>103 222</b>	<b>103 222</b>	<b>117 981</b>	<b>129 345</b>	<b>140 535</b>
Community	10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Other assets	4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
<b>Total Repairs and Maintenance by Asset Class</b>	<b>99 032</b>	<b>131 091</b>	<b>131 180</b>	<b>135 634</b>	<b>134 856</b>	<b>134 856</b>	<b>153 645</b>	<b>168 961</b>	<b>190 715</b>

For the 2011/12 financial year, 76% or (R118 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 23.9% (R36 million), followed by Electricity totaling 18.8% (R29 million), Community at 18% (R28 million), water at 14% (R22 million), infrastructure - other assets has been allocated R15 million of total repairs and maintenance equating to 10%, sanitation is at 9.45% (R14 million) and other assets is allocated an amount of R7 million.



### Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 11 500 or more indigent households during the 2012/13 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote: 2012/13 Medium-term capital budget per vote:

MP322 Mbombela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure <i>to be appropriated</i></b>										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	-	474	-	-	-	-	-	-	-	-
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	-	1 693	-	30	30	30	30	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	868	91	-	-	-	-	-	4 870	7 800	18 100
Vote 9 - CORPORATE SERVICES	90	1 910	-	3 125	3 125	3 125	3 125	5 000	5 000	4 300
Vote 10 - FINANCIAL SERVICES	497	697	1 245	4 026	2 026	2 026	2 026	9 500	8 800	6 500
Vote 11 - TECHNICAL SERVICES	674 411	691 091	277 593	399 996	342 913	342 913	342 913	261 531	383 549	295 943
Vote 12 - COMMUNITY SERVICES	21 246	124 044	22 092	47 611	25 864	25 864	25 864	26 367	29 770	34 885
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	13 369	33 381	316	35 720	35 720	35 720	35 720	17 050	40 725	39 486
<b>Capital multi-year expenditure sub-total</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>490 508</b>	<b>409 678</b>	<b>409 678</b>	<b>409 678</b>	<b>324 318</b>	<b>475 643</b>	<b>399 214</b>
<b>Single-year expenditure <i>to be appropriated</i></b>										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	-	-	-	-	-	-	-	-	-	-
Vote 4 - SECRETARY TO COUNCIL	-	-	-	-	-	-	-	850	-	-
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	-	-	-	12 250	5 473	5 473	5 473	-	-	-
Vote 9 - CORPORATE SERVICES	-	-	-	2 780	-	-	-	1 090	-	-
Vote 10 - FINANCIAL SERVICES	-	-	-	4 211	1 832	1 832	1 832	200	-	-
Vote 11 - TECHNICAL SERVICES	-	-	-	29 019	26 805	26 805	26 805	114 407	83 164	179 575
Vote 12 - COMMUNITY SERVICES	-	-	-	37 041	37 041	37 041	37 041	19 140	4 570	-
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	-	-	-	61 301	54 768	54 768	54 768	13 250	-	8 000
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146 602</b>	<b>125 918</b>	<b>125 918</b>	<b>125 918</b>	<b>148 937</b>	<b>87 734</b>	<b>187 575</b>
<b>Total Capital Expenditure - Vote</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 110</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

For 2012/13 an amount of R375 million has been appropriated for technical service vote for development of services infrastructure which represents 79% of the total capital budget. In the outer years this amount totals R466 million, 82% and R475 million, 81% respectively for each of the financial years.

Total new assets represent 61% or R289 million of the total capital budget while asset renewal equates to 39% or R185 million. Further details relating to asset classes and proposed capital expenditure is contained in table A9 (Asset Management). In addition to the Table A9, Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

**Furthermore a detailed breakdown of the capital budget per project over the medium term.**

DEPARTMENT	PROGRAMME OR FUNCTION	PROJECT DESCRIPTION	LOCATION	WARD	2012/2013	2013/2014	2014/2015	FUNDING SOURCE
Stadia management	2010 Legacy	2013 Afcon projects and overlay	Mbombela		6 000 000			Capital Replacement Reserve (CRR)
Stadia management	2010 Legacy	Upgrade of Mbombela Stadium	Mbombela	14	4 000 000	3 500 000	5 000 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Additional of licencing and testing service facilities	Hazyview, KaNyamazane, Kabokweni, Matsulu	1, 13, 33,	3 000 000	2 700 000	5 000 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Construction of a Fire Station in Matsulu	Matsulu	13	2 500 000	3 000 000		Capital Replacement Reserve (CRR)
Social Development	Community Development	Construction of multi-purpose courts and upgrading of the stadium	Matsulu	27	700 000	4 000 000	2 000 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Construction of new community halls	Msegwaba, Elandshoek, Hazyview, Phola	1, 5, 12, 22	3 000 000	4 500 000	5 000 000	Capital Replacement Reserve (CRR)

Public Safety	Community Development	Extension of fire engine vehicles storage facilities	White River	38, 30	500 000			Capital Replacement Reserve (CRR)
Social Development	Community Development	Installation of new airconditioners in 5 libraries and upgrading of electricity.	Nelspruit, Valencia Park, White River, Nelsville & Zwelisha Container Library	02, 04, 14, 16, 17 30, 38	500 000	150 000	190 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Installation of New floodlights at various sport facilities	Khumbula, Nelsville Kamagugu	16, 17, 37	270 000		500 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of steel change room lockers (4 Compartment)	Nelspruit, White River	15,16,17, 30	80 000	50 000		Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of 1 trailer for Traffic Technical Services	Institutional		30 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of 2 bakkies for Traffic Technical Services	Institutional		500 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of 2 negative film machines	Institutional		240 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of 8 Speed Measuring Equipment	Institutional		500 000	700 000		Capital Replacement Reserve (CRR)
Social Development	Community Development	Purchase of brushcutters and ride on lawnmower	Institutional		450 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Bullet Proof Vests	Institutional		400 000	500 000	-	Capital Replacement Reserve (CRR)

Public Safety	Community Development	Purchase of disaster tents	Institutional		400 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of fire and rescue equipments	Institutional		700 000	300 000	200 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of fire engine and vehicles	Hazyview	1	2 500 000			Loan
Public Safety	Community Development	Purchase of fire engine and vehicles	Hazyview	1			2 800 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of fire fighting portable pumps	Institutional		160 000	160 000	295 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of generator for traffic services	Institutional		17 000	20 000		Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Movac 3 Traffic Light Controllers	Institutional		180 000	130 000	200 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of one bakkie for disaster unit	Institutional		250 000			Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Road Marking Machines	Institutional		80 000	90 000		Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of three bakkie for security unit	Institutional		250 000	280 000	300 000	Capital Replacement Reserve (CRR)
Public Safety	Community Development	Purchase of Uninterrupted Power Supplies	Institutional		200 000	210 000		Capital Replacement Reserve (CRR)

Public Safety	Community Development	Refurbishment of Nelspruit Fire Station	Institutional		1 000 000			Capital Replacement Reserve (CRR)
Social Development	Community Development	Upgrade of floodlights at various sport complexes	Matsulu, Kanyamazane, Kabokweni, Valencia, Nelsville, Rugby Club, Korfbal (Nelspruit), Tennis (Nelspruit) Swimming Pools	15, 16, 17, 27, 20, 30, 33	300 000	500 000	600 000	Capital Replacement Reserve (CRR)
Social Development	Community Development	Upgrading of community halls	Clau Clau, Gutshwa Kop, Khumbula, White River, Makoko, Luphisi, Daantjie	10, 23, 30, 31 36, 37	1 500 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Building of informal trade stalls			1 000 000	1 500 000	1 500 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Job linkage centre			2 000 000	500 000	1 000 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Manufacturing of trade trolleys			400 000	300 000	300 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Neighbourhood Development Partnership projects		14, 15		4 824 561	4 385 965	Neighbourhood Development Partnership Grant
Local Economic Development	Economic Development	Provision of barber stalls			500 000	700 000	700 000	Capital Replacement Reserve (CRR)

Local Economic Development	Economic Development	Purchase of land for economic development initiatives			8 000 000			Loan
Local Economic Development	Economic Development	Purchase of land for economic development initiatives				6 000 000	4 000 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Purchase of Office furniture and equipments for Mbombela Economic Development Agency			250 000	-	-	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Tourism office stadium			150 000	200 000	200 000	Capital Replacement Reserve (CRR)
Local Economic Development	Economic Development	Township Tourism/ Rural Route development (KNP)			-	6 300 000	5 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Alternative/Renewable energy	Farming Areas	12, 14	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	CCTV, Fire Detection and Cable Theft Prevention	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Delta-Anderson Ring Deloading	Nelspruit	14, 15, 16, 17	1 500 000	500 000	1 750 000	Loan
Electrical Engineering	Electricity	Distribution and safety equipment	Nelpruit, White River, Hazyview	14,15,16,17, 30	300 000	150 000	150 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrical Network Protection	Nelpruit, White River, Hazyview	14,15,16,17, 30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 273 households	Emathuneni, Luphisi A & B, Encakini, Siyakhula and Esukani	24,26	2 730 000			Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Electrification programme - 290 households	Phumlani	14	2 900 000			Loan
Electrical Engineering	Electricity	Electrification programme - 419 households	Enkanini, Backdoor, Nyokeni, KaMphasteni, Phelindaba, Maputo	3, 6, 8, 21,32	4 190 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 439 households					4 385 965	Integrated National Electrification Programme Grant (INEP)
Electrical Engineering	Electricity	Electrification programme - 482 households				4 824 561		Integrated National Electrification Programme Grant (INEP)
Electrical Engineering	Electricity	Electrification programme - 517 households	Mtimba, Sandriver, Elephant, Enyokeni, Thubelihle, Mountainview, Shabalala	3, 9 ,25	5 170 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 598 households			-	5 975 439		Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 611 households					6 114 035	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Electrification programme - 804 households	Bhekiswako, Khombaso, Maminza, Bodlindlala, Stadium Block, Estineni	1, 5, 6, 26	8 040 000			Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Electrification programme - 998 households	Zwelishana, Numbi, Bantwana, Makoko, Mamelodi, Mbonisweni	2, 4, 34, 38	9 980 000			Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of 200 Smart Metering (Residential)	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of high mast lights	Nsikazi	1, 14, 18, 29, 31, 39	250 000	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of street lights	Nsikazi	1, 14, 18, 29, 31, 39	250 000	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Installation of Streetlighting	Nelspruit	14, 15, 16, 17	-	500 000	500 821	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	KaMagugu Network upgrde	KaMagugu	17	-	2 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Katoen substation upgrade	Katoen	14	250 000	-	-	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Low Voltage Network Upgrade: Overhead to Underground (Residential)	Nelspruit, White River, Hazyview	1, 14, 15, 16, 17, 30	-	1 000 000	500 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase and Installation of Power quality meters	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	500 000	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 9 motor vehicles – bakkies	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	1 500 000	800 000	800 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Purchase of 1 Cable trailers (7tons)	Nelpruit,White River, Hazyview	14,15,16,17, 30	700 000	-	-	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 3 Emergency generators	Nelpruit,White River, Hazyview	14,15,16,17, 30	300 000	-	150 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of Personnel carrier (steel canopy)	Nelpruit,White River, Hazyview	14,15,16,17, 30	750 000	750 000	-	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Purchase of 2 Cherry -pickers	Nelpruit,White River, Hazyview	14,15,16,17, 30	1 000 000	1 000 000	-	Loan
Electrical Engineering	Electricity	SCADA and Control Room	Nelspruit, White River, Hazyview	14, 15, 16, 17, 30	-	1 000 000	500 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Stonehenge Ring Completion	Nelspruit	14, 15, 16, 17	-	-	2 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Substation fencing (concrete)	Nelspruit	14,15,16,17	500 000	500 000	500 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Substations maintenance and refurbishment	Nelpruit,White River, Hazyview	14,15,16,17, 30	-	1 000 000	2 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Anderson 33/11kV Substation	Nelspruit	14, 15, 16, 17	2 000 000	-	-	Loan
Electrical Engineering	Electricity	Upgrade of Boschrand Heights Switching Station	Nelspruit	15, 16,17	350 000	1 000 000	6 000 000	Loan
Electrical Engineering	Electricity	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	Nelpruit,White River, Hazyview	14,15,16,17, 30	4 000 000			Loan
Electrical Engineering	Electricity	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	Nelpruit,White River, Hazyview	14,15,16,17, 30		14 000 000	12 000 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Upgrade of Ilanga - Matsafeni ring	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30		2 000 000	-	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Ilanga - Matsafeni ring	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	1 500 000			Loan
Electrical Engineering	Electricity	Upgrade of Medium Voltage Feeders	Nelpruit, White River, Hazyview	14, 15, 16, 17, 30	-	3 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Mini-substations	White River	30	-	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Montana Switching Station	Montana	14	350 000	1 000 000	6 000 000	Loan
Electrical Engineering	Electricity	Upgrade of Nelspruit Electrical Offices, Standby Quarters, Canteen & Drawing Office	Nelspruit	14, 15, 16, 17	400 000	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Network - Industrial area (White River)	White River	30	-	1 500 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Riverside – Waterworks	Nelspruit	14, 15, 16, 17	1 700 000	300 000	-	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Rural overhead lines	White River	30	-	1 400 000	1 000 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Town Central Substation	White River	30	350 000	1 000 000	6 000 000	Loan
Electrical Engineering	Electricity	Upgrade of Town North - Kingsview Ext3 network - (o/h to u/g)	White River	30	-	1 699 182	500 000	Capital Replacement Reserve (CRR)

Electrical Engineering	Electricity	Upgrade of Town North - WRCE network - (o/h to u/g)	WhiteRiver	30	-	3 000 000	4 200 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Electricity	Upgrade of Town North Substation	WhiteRiver	30	350 000	1 000 000	6 000 000	Loan
Electrical Engineering	Electricity	Upgrade of Valencia Substation	Valencia Park	14	350 000	1 000 000	6 000 000	Loan
Electrical Engineering	Electricity	Upgrade of West Acres - Steiltes 33kV O/H Line	Nelspruit	14, 15, 16, 17	1 000 000	1 000 000	-	Loan
Electrical Engineering	Electricity	Upgrade of White River Electrical Offices, Canteen, Standby Quarters & Ablution facilities	WhiteRiver	30	200 000	1 000 000	700 000	Capital Replacement Reserve (CRR)
Electrical Engineering	Financial Management	Installation of 150 Smart Metering (Medium large power users)	Nelspruit, White River, Hazyview	14, 15, 16, 17, 31	2 250 000			Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Insurance replacement assets and contingency allocation	Mbombela	Institutional	2 000 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Procurement of fleet management system	Mbombela	Institutional	2 800 000	1 500 000		Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Purchase and implementation of cost management system	Mbombela	Institutional		1 000 000	1 700 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Purchase of Movable Assets Tracking System	Mbombela	Institutional	2 500 000	1 500 000		Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Purchase of office furniture and equipments	Mbombela	Institutional	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)

Financial Services	Financial Management	Upgrade of financial management systems	Mbombela	Institutional	500 000	1 500 000	1 800 000	Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Upgrade of Intenda System to incorporate Contract Management	Mbombela	Institutional	700 000	300 000		Capital Replacement Reserve (CRR)
Financial Services	Financial Management	Upgrade of Nelspruit Municipal Stores	Mbombela	Institutional	200 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Ablution Revamp (Matsulu)	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Compilation and implementation of Smart City Strategy	Institutional	Institutional	200 000	700 000	1 000 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Conversion of garages into offices(matsulu)	Institutional	Institutional	150 000			Capital Replacement Reserve (CRR)
Public Participation	Governance and Public Participation	Council Chamber receiver translator system	Mbombela	Institutional	500 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Employees Electronic Attendance Registers(EAR)	Institutional	Institutional	1 000 000	400 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Implementation of AARTO System	Institutional	Institutional	350 000	150 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Implementation of comprehensive Municipal Information System - BI system and integrated to Geographic Information System	Institutional	Institutional	300 000	800 000		Capital Replacement Reserve (CRR)

Corporate Services	Governance and Public Participation	Implementation of a Project and Performance Management System	Institutional	Institutional	2 500 000	1 000 000	500 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Initiate the process of rolling-out Thusong centres	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Installation of new Air conditioners Kabokweni Service centres	Institutional	Institutional	20 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Installation of new Air conditioners White River	Institutional	Institutional	30 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Installation of palisade fence at Kanyamazane Service Centre	Institutional	Institutional	50 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Installation of turnstile access control	Institutional	Institutional	50 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Laptops and accessories for councilors	Institutional	Institutional	550 000	700 000	200 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Living lab initiatives between Municipality, Business and Educational sector	Institutional	Institutional	250 000	250 000	250 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	New & Upgrading of ICT hardware infrastructure- systems	Institutional	Institutional	1 000 000	1 200 000	700 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	New & Upgrading of ICT software	Institutional	Institutional	1 000 000	1 000 000	800 000	Capital Replacement Reserve (CRR)

Corporate Services	Governance and Public Participation	Purchase chairs and furnishure Kabokweni Council Chambers	Institutional	Institutional	20 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of Council resolution tracking software program	Institutional	Institutional	300 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of guillotine for printing room	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of new electrical binding machine	Institutional	Institutional	70 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of shredder for printing room	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Purchase of steel cabinets to store paper and other material	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Public Participation	Governance and Public Participation	Purchase of two vehicles	Mbombela	Institutional	350 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Refurbish roofing White River library and White Building	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Refurbish the ICT facility for audit compliance	Institutional	Institutional	100 000	250 000		Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation and extension of offices for traffic officers (Kanyamazane)	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)

Corporate Services	Governance and Public Participation	Renovation of former red cross building (White River)	Institutional	Institutional	100 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation of Hazyview Satellite Offices	Institutional	Institutional	150 000		500 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation of Kanyamazane and Matsulu Satellite Offices	Institutional	Institutional	150 000	500 000	250 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation of the Nelspruit Civic Centre	Institutional	Institutional	50 000	2 500 000	2 000 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Renovation of White River and Kabokweni Satellite Offices	Institutional	Institutional	100 000	500 000	500 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Replacement of carports at the Civic Centre	Institutional	Institutional	100 000	550 000	600 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Replacement of three air conditioners in offices in Kanyamazane Service Centre	Institutional	Institutional	20 000			Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Roll-out of Phase 2 of the cctv system for safety and security	Institutional	Institutional	100 000	1 000 000	500 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Roll-out of Phase 2 of the two way radio tetra comms system	Institutional	Institutional	1 500 000	1 700 000	1 800 000	Capital Replacement Reserve (CRR)
Corporate Services	Governance and Public Participation	Supply of furniture for Matsulu and Kanyamazane Council chambers and for offices at Matsulu and Kanyamazane	Institutional	Institutional	50 000			Capital Replacement Reserve (CRR)

Human Settlement	Integrated human settlement	Design, plans and installation of engineering services in Magiesdal, Tekwane North, White River and Ngodwana new Townships	Magiesdal, Tekwane North and White River	15,16 &17, 26, 30, 38,	10 000 000	15 000 000	21 000 000	Loan
Project Management Unit	Public Transport	Implementation of public transport infrastructure and systems	Mbombela		86 581 579	99 791 228	-	Public Transport Infrastructure and Systems Grant
Civil Engineering	Roads and Stormwater	10 x Heavy duty trailer for material & equipment	Mbombela	All wards	300 000			Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	3 x 4 Ton Tipper Trucks	Mbombela	All wards	1 800 000			Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Assessment & planning for replacement of collapsed stormwater pipes and culverts in West Acres x 7 & 8	West Acres	15	3 000 000	4 000 000	4 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Bus shelter at Gutshwa Traditional Council	Gutshwakop	31			250 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Construction & repair of culverts damaged by floods	Various	Various	7 100 000	6 650 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Construction of 2.8km road in Phola	Phola	5				Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Construction of New links road - Extensions of Van Rooyen, Fig Tree & Percy Fitzpatrick	Nelspruit	15			13 500 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Construction of P166 Link Road between R40 & R37 including Rail Bridge	Nelspruit	14			5 900 000	Capital Replacement Reserve (CRR)

Civil Engineering	Roads and Stormwater	Design & construct Van Rooyen St between Madiba Dr & Percy Fitzpatrick St	Nelspruit	15		1 250 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Design, Reconstruct & tar gravel roads: Sunbird - Warblebush Nest Streets	Hazyview	1		1 204 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Ebuhleni Royal House: Construct tarred access road	Mpakeni	24			2 910 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Encakini Royal House: Construct tarred access road						Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Existing streets in Nelspruit to be increased to four lanes: Kaapschehoop (from Enos Mabuza to N4)	Nelspruit	15			5 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Gabion Stormwater Infrastructure	Gutshwakop	31		150 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Gutshwa cemetery access road: Construct tar road	Gutshwakop	31		750 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Impala St/Danie Joubert St Intersection: Geometric and structural upgrade	White River	30	500 000			Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Install speed humps - traffic calming measures	All Wards	All Wards	780 000	630 000	410 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Kaapsche Hoop Rd: Geometric & structural reconstruction (Koraalboom St to Samora Machel Rd)	Nelspruit	14,15	2 100 000			Capital Replacement Reserve (CRR)

Civil Engineering	Roads and Stormwater	Kabokweni intersection upgrade	Kabokweni	33		150 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Kgarudi Traditional Council Offices & cemetery road upgrade	Madras	1		1 075 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Mbuyane Traditional Council Offices: Construct paved access road and parking area	Clau Clau	10			525 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Msogwaba Royal Residence & Traditional Council Offices: Construct tarred access road	Msogwaba	26			2 400 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	New traffic lights and Geometric alterations Cnr of Bester and Kragbron Streets	Nelspruit	14		1 500 000		Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Pedestrian bridges in Ward 2, 4 & 29		2,4 & 29	5 000 000	1 400 000		Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Planning, Design and Construction of Tekwane North internal streets and stormwater	Tekwane north	26	400 000	10 000 000	10 000 000	Municipal Infrastructure Grant (MIG)
Civil Engineering	Roads and Stormwater	Replace small plant & equipment	All Wards	All wards	300 000	300 000	300 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - Hazyview	Hazyview	1	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - Kabokweni	Gutshwa, Kabokweni, Dwaleni, Clau Clau	32,33,38	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)

Civil Engineering	Roads and Stormwater	Reseal tarred roads – Kanyamazane	Kanyamazane, Tekwane	18,19,20,21,	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads – Matsulu	Matsulu	13,27,28,	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - Nelspruit	Nelspruit	12,14,15,16, 17,18,38	3 000 000	4 000 000	5 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - Nsikazi North	Nyongane, Numbi, Phola, Khumbula	3,5,6,7,8,9,2 5,34,37,39	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - Nsikazi South	Kanyamazane. Msogwaba	2,4,10,11,22 ,23,24,26,29 ,31,35,36,39	1 000 000	1 000 000	1 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Reseal tarred roads - White River	White River, Rocky Drift, Hillsview	8,30,38	1 000 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Storm Water Infrastructure upgrade	Shabalala / Nyongane	1			4 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Storm Water Infrastructure upgrade	Kanyamazane	19		2 850 000		Capital Replacement Reserve (CRR)
Civil Engineering	Roads and Stormwater	Upgrade access road to Chief Khumalo residence	Gutshwakop	31			900 000	Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrade of Chweni to Spienkop bus road	Chweni	34	250 000			Municipal Infrastructure Grant (MIG)

Project Management Unit	Roads and Stormwater	Upgrade of Daantjie Cementry Road	Daantjie	21	250 000			Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Kanyamazane streets and bus routes	Kanyamazane	18,19, 21, 23	15 000 000	12 000 000	5 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Mafambisa to Spelanyane bus route	Mafambisa/Spelanyane	10	250 000	7 046 321	9 261 268	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Makoko to Numbi Gate bus route	Makoko	37	250 000	7 500 000	11 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Matsulu streets and bus routes	Matsulu	27,28,	15 000 000	14 000 000	14 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Upgrade of Phumlani bus route	Phumlani	14	1 400 000			Municipal Infrastructure Grant (MIG)
Civil Engineering	Roads and Stormwater	Upgrading Bosch Street Intersection to Traffic Circle	Nelspruit	14		1 000 000		Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Upgrading of intersections on Enos Mduza Drive	Nelspruit	15,16		1 000 000	750 000	Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Valencia pedestrian bridge - replace balustrade	Valencia Park	14	300 000			Capital Replacement Reserve (CRR)
Project Management Unit	Roads and Stormwater	Vehicular and Pedestrian Crossing Structure in Nsikazi North	Nsikazi North	25	8 000 000			Municipal Infrastructure Grant (MIG)

Project Management Unit	Roads and Stormwater	Vehicular and Pedestrian Crossing Structure in Nsikazi South	Nsikazi South		5 000 000			Municipal Infrastructure Grant (MIG)
Project Management Unit	Roads and Stormwater	Zwelisha Mluti bus route	Zwelishana	4	12 547 200			Municipal Infrastructure Grant (MIG)
Rural Development	Rural Development	Construction of broiler houses, chicken project (primary co-operatives)				3 000 000	1 400 000	Capital Replacement Reserve (CRR)
Rural Development	Rural Development	Construction of piggery houses primary co-operatives			3 000 000	2 400 000		Capital Replacement Reserve (CRR)
Rural Development	Rural Development	Refurbishment and commission of the dwaleni abattoir	Dwaleni	32			8 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Sanitation/Sewerage	Coltshill outfall sewer & servitudes [2.3km] [WR_F19.01 to WR_F19.12]	White River	30	2 200 000			Loan
Civil Engineering	Sanitation/Sewerage	Detail design, tender & construction Hazyview Sewerage Treatment Works - [6MI/day]	Hazyview	1	2 000 000	10 000 000		Loan
Civil Engineering	Sanitation/Sewerage	Detail design, tender & construction Hazyview Sewerage Treatment Works - [6MI/day]	Hazyview	1		5 000 000	19 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Sanitation/Sewerage	Hazyview outfall sewer & internal network for Vakansiedorp	Hazyview	1	2 000 000			Loan
Civil Engineering	Sanitation/Sewerage	Hazyview outfall sewer & internal network for Vakansiedorp	Hazyview	1			11 000 000	Capital Replacement Reserve (CRR)
Civil Engineering	Sanitation/Sewerage	Hazyview outfall sewer & internal network for Vakansiedorp	Hazyview	1		5 000 000		Capital Replacement Reserve (CRR)

Project Management Unit	Sanitation/Sewerage	Mataffin internal sewer connections	Mataffin	15	9 000 000			Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Matsulu, Portia, Mpakeni & Luphisi household sanitation	Matsulu, Portia, Luphisi and Mpakeni	10, 13, 24, 27, 39	5 400 000	9 620 477	8 519 681	Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Nsikazi North household sanitation	Nsikazi North		4 700 000	9 250 000	10 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Sanitation/Sewerage	Nsikazi South household sanitation	Nsikazi South	All wards	4 655 200	9 700 000	10 000 000	Municipal Infrastructure Grant (MIG)
Concession Monitoring	Sanitation/Sewerage	Sewer Main Outfall Upgrades - Ferreira Street (Phase 2) (Nes708)	Nelspruit ext 4 to CBD	16	3 500 000	-	-	Service Contribution
Concession Monitoring	Sanitation/Sewerage	Sewer: Extensions To Existing Networks Development Needs	Nelspruit	14; 15; 16; 17		-	350 000	Service Contribution
Concession Monitoring	Sanitation/Sewerage	Sewer: Network Upgrading Ac Mains	Nelspruit	14; 15; 16; 17	-	-	250 000	Service Contribution
Concession Monitoring	Sanitation/Sewerage	Sewer: Pump Station Upgrades – Stonehenge	Stonehenge	15	-	900 000	-	Service Contribution
Concession Monitoring	Sanitation/Sewerage	Sewer: Western Outfall & PS	Maggiesdal	15,16 & 17			1 000 000	Service Contribution
Concession Monitoring	Sanitation/Sewerage	Upgrade of Drumrock Sewer Pump Station	Drumrock	14	1 300 000			Capital Replacement Reserve (CRR)
Civil Engineering	Sanitation/Sewerage	Upgrading and extension of sewerage infrastructure as per Sewerage Master Plan	White River, Rocky Drift, Hillsvie	8,30,38		2 211 660	839 549	Capital Replacement Reserve (CRR)
Concession Monitoring	Sanitation/Sewerage	White River Corridor Collector Sewers - Service Contributions	Nelspruit	14; 17	-	1 000 000	3 600 000	Service Contribution

Community Services	Waste management and greening	Ablution Facilities and Change room facilities	Mbombela		1 000 000			Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Construction of Tekwane West Central Waste Disposal Site Cell 2	Mbombela		1 000 000	4 000 000	4 200 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Construction waste transfer stations	Mbombela		3 000 000	1 500 000	300 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Fencing of rural cemeteries	Mbombela		250 000	250 000	250 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of fleet for parks	Mbombela		1 000 000	800 000	500 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of lawn mowers and brushcutters	Mbombela		350 000	100 000	150 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of solid waste fleet	Mbombela		6 000 000			Loan
Community Services	Waste management and greening	Purchase of solid waste fleet	Mbombela			2 500 000	2 500 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Purchase of waste storage facilities	Mbombela		2 000 000	1 500 000	2 000 000	Capital Replacement Reserve (CRR)
Community Services	Waste management and greening	Upgrading of Ablution and Nursery Facilities	Mbombela	Institutional	700 000	900 000	900 000	Capital Replacement Reserve (CRR)

Water and Sanitation	Water	Additional 1ML/D module at Dwaleni package plant and refurbishment of bulk line to OMO Reservoir	Kabokweni	33	2 000 000	1 000 000	4 500 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Backdoor / Mbonisweni water augmentation scheme	Backdoor, Mbonisweni, Phathwa	32; 38	2 500 000		4 500 000	Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Construction of 2.0 Mg/l package, bulk line and refurbishment of internal network at Jerusalem	Jerusalem	8	1 000 000	4 000 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Construction of 2.0 Mg/l package, bulk line and refurbishment of internal network at Mshadza	Mshadza	6	1 000 000	3 500 000		Capital Replacement Reserve (CRR)
Project Management Unit	Water	Construction of Bulk Water Pipeline from Inyaka Dam	Nsikazi North	All Wards			45 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Construction of Bulk Water Pipeline from Inyaka Dam	Nsikazi North	All Wards			21 929 825	Regional Bulk Infrastructure Grant
Water and Sanitation	Water	Desilting system for Hazyview raw water pump station	Hazyview	1	400 000	2 500 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Elandshoek water supply upgrade (upgrade plant, network and extend network)	Elandshoek	12	700 000	3 500 000		Capital Replacement Reserve (CRR)
Project Management Unit	Water	Entokozweni -Kanyamazane: Extension of water network System	Kanyamazane-Entokozweni	19, 20	1 500 000	2 286 069		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Extension of Zwelisha and Zomba Water Reticulation	Zomba	4	1 500 000	2 150 000	-	Municipal Infrastructure Grant (MIG)

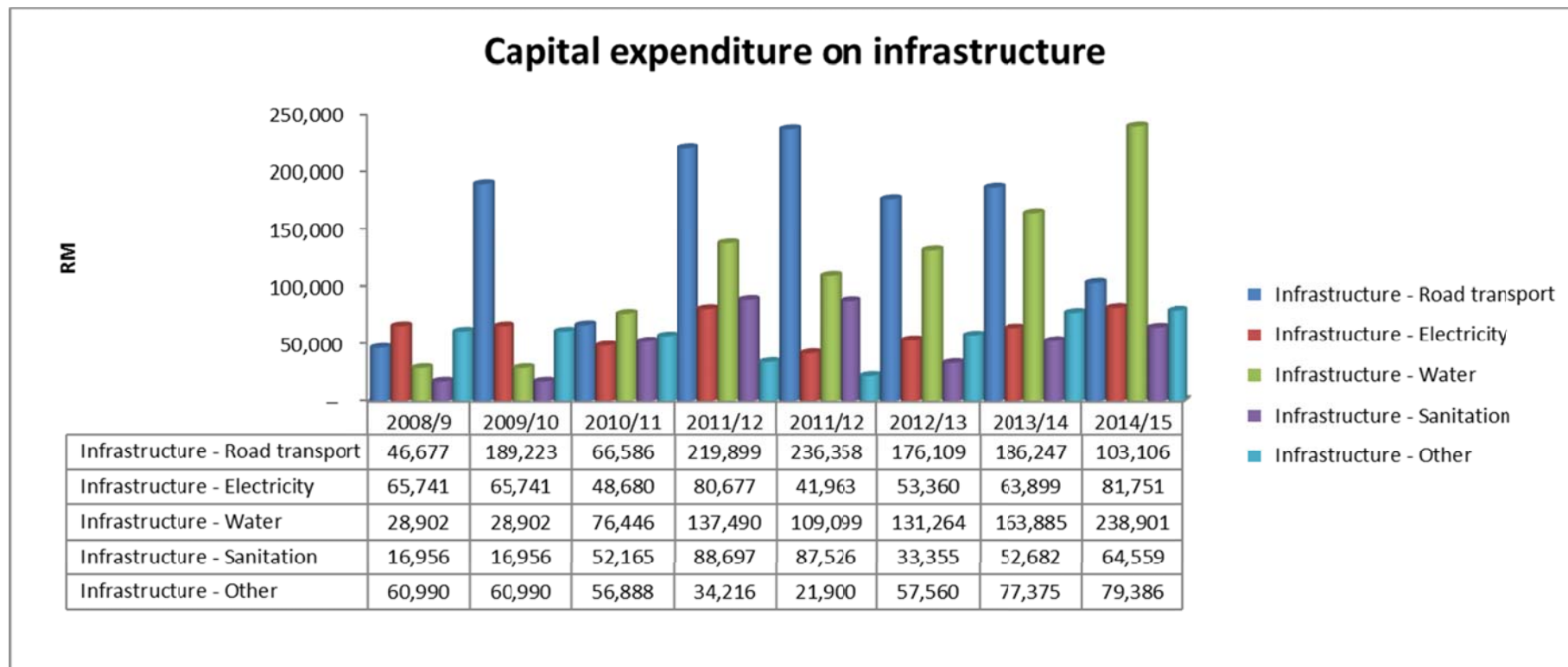
Project Management Unit	Water	Extension of Zwelisha B and Maluti Bulk Water Supply	Zwelisha/Mluti	2	1 500 000	2 000 000		Municipal Infrastructure Grant (MIG)
Water and Sanitation	Water	Fencing of water assets - reservoirs and treatment works	All wards	All wards	700 000	2 500 000	2 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Hoxane Water Treatment Works Extension: Modules 6, 7 & 8	Nsikazi North	All Wards	9 000 000	17 000 000	18 000 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Installation of standby diesel generators at KaNyamazane, Nyongane water treatment works & pump stations	Various locations	1, 6, 7, 8, 19, 25 30	1 700 000	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Manzini Package Plant: Rising Main	Manzini	7	700 000	1 500 000		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Mataffin internal water connections	Mataffin	14	19 000 000	1 103 178		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Msogwaba and Pienaar water network extensions	Msogwaba	22 and 23	-	9 000 000	8 700 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Msogwaba Water Supply	Msogwaba	22, 23			19 503 317	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Phabeni / Pretoriuskop Bulk Water Pipeline	Kruger National Park	38		4 400 000	5 000 000	Municipal Infrastructure Grant (MIG)
Water and Sanitation	Water	Procure of six (6) vehicles for water and sanitation and three (3) water tankers	Institutional	Institutional	1 300 000	600 000	600 000	Capital Replacement Reserve (CRR)

Water and Sanitation	Water	Procurement of water SCADA system	All wards	All Wards	-	2 000 000	2 000 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Refurbishment / construction of new standby accommodation	Institutional	Institutional	500 000	1 500 000		Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Refurbishment of Majika bulk and internal reticulation	Majika	25	3 900 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Refurbishment of Manzini internal reticulation	Manzini	7	4 000 000			Capital Replacement Reserve (CRR)
Water and Sanitation	Water	Refurbishment/upgrade of infrastructure assets	Mbombela	All wards	1 500 000	3 000 000	4 000 000	Capital Replacement Reserve (CRR)
Concession Monitoring	Water	Reinforcement Of Beryl & Saffier Zone (Stonehenge)	Stonehenge	15	-	750 000	-	Service Contribution
Project Management Unit	Water	Tekwane North water internal reticulation	Tekwane North	26			7 500 000	Loan
Water and Sanitation	Water	Upgrade water laboratories and procure equipment	(Kanyamazane , White River & Hazyview and package plants)	19, 30 & 1	750 000	800 000	4 500 000	Capital Replacement Reserve (CRR)
Project Management Unit	Water	Upgrade of Matsulu water supply	Matsulu	27&28	6 700 000	7 842 785	9 400 000	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Upgrade of Newscom Bulk and network reticulation	Newscom	36		12 000 000	7 368 000	Municipal Infrastructure Grant (MIG)

Project Management Unit	Water	Upgrade of Nyongane Water Treatment Works	Nsikazi North	All Wards	1 900 000			Municipal Infrastructure Grant (MIG)
Concession Monitoring	Water	Upgrades Central Zone - Owtw Pumpline To Old Pta Road	Nelspruit	15; 16; 17	-	1 200 000	-	Service Contribution
Civil Engineering	Water	Upgrading and extension of Hazyview water network as per Water Master Plan	Hazyview	1		2 246 322	4 314 152	Capital Replacement Reserve (CRR)
Civil Engineering	Water	Upgrading and extension of Hazyview water network as per Water Master Plan	Hazyview	1		2 300 000		Loan
Civil Engineering	Water	Upgrading and extension of water network as per Water Master Plan	Rocky Drift, Phumlani, White River, Hillsvie	8,14,30,38			16 461 122	Capital Replacement Reserve (CRR)
Civil Engineering	Water	Upgrading and extension of water network as per Water Master Plan	Rocky Drift, Phumlani, White River, Hillsvie	8,14,30,38		8 194 361		Capital Replacement Reserve (CRR)
Project Management Unit	Water	Upgrading of Karino Bulk Water for Tekwane North and Dwaleni, Backdoor reservoir and Kabokweni OMO Reservoir	Tekwane north, Dwaleni, Backdoor and Kabokweni	26 & 27	27 645 397	9 000 000	25 907 326	Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Upgrading of Karino Bulk Water for Tekwane North, Dwaleni, Backdoor reservoir and Kabokweni OMO Reservoir	Tekwane north, Dwaleni, Backdoor and Kabokweni	26 & 27		8 771 930		Regional Bulk Infrastructure Grant
Project Management Unit	Water	Upgrading of Skukuza/Lower Sabie Water Purification Plant	Kruger National Park	38	2 000 000	1 821 345		Municipal Infrastructure Grant (MIG)
Project Management Unit	Water	Upgrading of Western areas of Msogwaba Bulk supply	Msogwaba	22	3 418 870	17 000 000	10 678 987	Municipal Infrastructure Grant (MIG)
Water and Sanitation	Water	Water conservation and demand management strategy and implementation (water loss management)	All wards	All wards	2 000 000	3 500 000	4 000 000	Capital Replacement Reserve (CRR)

Civil Engineering	Water	Water: 4660mx 450mm Ø Pumping feeder pipe line from Boschrand Heights to White River reservoir [BLK.B2]	Rocky Drift	14,30,38	6 650 000			Loan
Civil Engineering	Water	Water: 4660mx 450mm Ø Pumping feeder pipe line from Boschrand Heights to White River reservoir [BLK.B2]	Rocky Drift	14,30,38		9 768 591		Capital Replacement Reserve (CRR)
Civil Engineering	Water	Water: 4820mx 400mm Ø Pumping feeder pipe line from Boschrand Heights to White River reservoir [BLK.B3]	White River	14,30,38		5 200 000		loan
Civil Engineering	Water	Water: 4820mx 400mm Ø Pumping feeder pipe line from Boschrand Heights to White River reservoir [BLK.B3]	White River	14,30,38			7 995 334	Capital Replacement Reserve (CRR)
Concession Monitoring	Water	Water: Bulk & Network upgrades	Nelspruit	15; 16; 17				Service Contribution
Concession Monitoring	Water	Water: Network upgrading Central Zone AC mains	CBD	15; 16; 17				Service Contribution
Concession Monitoring	Water	Water: Network upgrading Giraffe Zone AC mains	Giraffe	16			300 000	Service Contribution
Concession Monitoring	Water	Water: Upgrades in Nelsruit Extension	Nelspruit	15; 16; 17	-	-	250 000	Service Contribution
Concession Monitoring	Water	Water: Upgrades Sonheuwel Upper Plan	Sonheuwel	15	-	350 000	-	Service Contribution
Concession Monitoring	Water	Water: Upgrades To Giraffe Internal Network	Nelspruit ext 2 & 4	16	-	750 000	750 000	Service Contribution
Concession Monitoring	Water	Water: Upgrading Of 'Saffier' Ps (Beryl Zone)	Stonehenge	15	-	450 000	-	Service Contribution
Concession Monitoring	Water	Water: Upgrading of Valencia Pipeline (Phase 3 - N4 To Reservoir)	Valencia Park	17	1 000 000	-	-	Service Contribution
Project Management Unit	Water	Zwelisha/ Aldie Water Supply Phase III	Zwelisha / Aldie	2	3 000 000	6 400 000	1 743 000	Municipal Infrastructure Grant (MIG)
<b>TOTAL BUDGET</b>					<b>473 255 246</b>	<b>563 377 010</b>	<b>586 788 346</b>	

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



## 1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table A1 - Budget Summary**

MP322 Mbombela - Table A1 Budget Summary

Description R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges	296 934	401 690	477 462	614 561	579 339	579 339	579 339	668 931	759 699	870 089
Investment revenue	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 301	4 430	4 516
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other own revenue	681 570	613 243	236 465	450 360	470 631	470 631	470 631	462 432	526 453	447 839
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>
Employee costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Materials and bulk purchases	171 599	211 512	272 998	357 836	366 458	366 458	366 458	417 411	477 100	539 684
Other expenditure	384 807	560 899	455 076	431 443	457 844	457 844	457 844	470 560	509 748	519 402
<b>Total Expenditure</b>	<b>1 107 229</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 877</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 669 989</b>	<b>1 830 282</b>	<b>1 962 841</b>
<b>Surplus/(Deficit)</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) for the year</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>

<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>457 823</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>
Transfers recognised - capital	<b>591 215</b>	<b>584 563</b>	<b>128 676</b>	<b>347 616</b>	<b>324 262</b>	<b>324 262</b>	<b>324 262</b>	<b>251 548</b>	<b>292 232</b>	<b>214 783</b>
Public contributions & donations	–	15 593	–	6 300	6 300	6 300	6 300	4 500	5 400	6 500
Borrowing	<b>22 252</b>	<b>130 940</b>	<b>70 140</b>	<b>70 522</b>	<b>43 690</b>	<b>43 690</b>	<b>43 690</b>	<b>60 000</b>	<b>40 000</b>	<b>60 250</b>
Internally generated funds	<b>97 016</b>	<b>122 284</b>	<b>102 429</b>	<b>212 726</b>	<b>161 343</b>	<b>161 343</b>	<b>161 343</b>	<b>157 207</b>	<b>225 745</b>	<b>305 255</b>
<b>Total sources of capital funds</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 164</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>
<b><u>Financial position</u></b>										
Total current assets	<b>647 603</b>	<b>276 673</b>	<b>147 130</b>	<b>197 337</b>	<b>137 966</b>	<b>137 966</b>	<b>137 966</b>	<b>180 917</b>	<b>174 659</b>	<b>273 408</b>
Total non current assets	<b>5 958 791</b>	<b>6 513 758</b>	<b>5 622 873</b>	<b>5 755 074</b>	<b>5 836 159</b>	<b>5 836 159</b>	<b>5 836 159</b>	<b>5 975 156</b>	<b>6 195 467</b>	<b>6 464 463</b>
Total current liabilities	<b>604 221</b>	<b>569 498</b>	<b>492 541</b>	<b>335 303</b>	<b>362 303</b>	<b>362 303</b>	<b>362 303</b>	<b>184 593</b>	<b>176 502</b>	<b>173 509</b>
Total non current liabilities	<b>151 827</b>	<b>143 246</b>	<b>329 815</b>	<b>320 394</b>	<b>314 849</b>	<b>314 849</b>	<b>314 849</b>	<b>459 311</b>	<b>437 844</b>	<b>410 761</b>
Community wealth/Equity	<b>5 850 345</b>	<b>6 077 687</b>	<b>4 947 647</b>	<b>5 296 714</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 512 169</b>	<b>5 755 780</b>	<b>6 153 601</b>
Net cash from (used) operating	<b>1 296 223</b>	<b>(778 927)</b>	<b>238 464</b>	<b>458 571</b>	<b>540 198</b>	<b>540 198</b>	<b>540 198</b>	<b>405 227</b>	<b>536 744</b>	<b>486 028</b>
Net cash from (used) investing	<b>(1 145 993)</b>	<b>163 971</b>	<b>(303 556)</b>	<b>(495 465)</b>	<b>(508 816)</b>	<b>(508 816)</b>	<b>(508 816)</b>	<b>(425 704)</b>	<b>(507 369)</b>	<b>(556 728)</b>
Net cash from (used) financing	<b>(9 814)</b>	<b>(8 437)</b>	<b>137 046</b>	<b>28 400</b>	<b>(4 738)</b>	<b>(4 738)</b>	<b>(4 738)</b>	<b>83 367</b>	<b>(17 654)</b>	<b>174 565</b>
<b>Cash/cash equivalents at the year end</b>	<b>567 213</b>	<b>(56 181)</b>	<b>15 773</b>	<b>85 925</b>	<b>42 417</b>	<b>42 417</b>	<b>42 417</b>	<b>105 308</b>	<b>117 028</b>	<b>220 894</b>
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	<b>587 230</b>	<b>(44 439)</b>	<b>38 370</b>	<b>98 013</b>	<b>54 505</b>	<b>54 505</b>	<b>54 505</b>	<b>124 479</b>	<b>137 206</b>	<b>242 132</b>
Application of cash and investments	<b>527 556</b>	<b>430 716</b>	<b>355 533</b>	<b>210 346</b>	<b>208 743</b>	<b>208 743</b>	<b>208 743</b>	<b>118 542</b>	<b>126 136</b>	<b>125 967</b>
<b>Balance - surplus (shortfall)</b>	<b>59 674</b>	<b>(475 155)</b>	<b>(317 163)</b>	<b>(112 333)</b>	<b>(154 238)</b>	<b>(154 238)</b>	<b>(154 238)</b>	<b>5 938</b>	<b>11 071</b>	<b>116 165</b>
<b><u>Asset management</u></b>										
Asset register summary (WDV)	<b>5 937 799</b>	<b>6 500 603</b>	<b>5 599 796</b>	<b>5 742 777</b>	<b>5 823 128</b>	<b>5 823 128</b>	<b>5 955 985</b>	<b>5 955 985</b>	<b>6 175 289</b>	<b>6 443 225</b>
Depreciation & asset impairment	<b>282 854</b>	<b>196 892</b>	<b>284 000</b>	<b>352 484</b>	<b>285 484</b>	<b>285 484</b>	<b>288 339</b>	<b>288 339</b>	<b>290 646</b>	<b>292 971</b>
Renewal of Existing Assets	–	–	185 581	379 755	247 871	247 871	247 871	184 564	273 383	322 449
Repairs and Maintenance	<b>99 032</b>	<b>131 091</b>	<b>131 180</b>	<b>135 634</b>	<b>134 856</b>	<b>134 856</b>	<b>153 645</b>	<b>153 645</b>	<b>168 961</b>	<b>190 715</b>
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	<b>1 670</b>	<b>27 813</b>	<b>39 180</b>	<b>43 992</b>	<b>43 992</b>	<b>43 992</b>	<b>50 764</b>	<b>50 764</b>	<b>55 697</b>	<b>61 566</b>
Revenue cost of free services provided	<b>22 230</b>	<b>120 431</b>	<b>120 431</b>	<b>125 996</b>	<b>125 996</b>	<b>125 996</b>	<b>148 013</b>	<b>148 013</b>	<b>162 247</b>	<b>179 550</b>

<u>Households below minimum service level</u>										
Water:	48	48	54	54	54	54	57	57	60	63
Sanitation/sewerage:	31	31	33	33	33	33	35	35	37	39
Refuse:	22	22	36	36	36	36	37	37	39	41

### Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the municipality continues to increase while the revenue cost continues to decrease for the MTREF.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

MP322 Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	343 318	484 223	486 400	561 542	522 284	522 284	932 754	1 043 636	1 021 696
Executive and council	–	–	25	–	–	–	6	7	7
Budget and treasury office	342 643	484 014	486 375	559 481	518 448	518 448	930 624	1 041 311	1 019 158
Corporate services	676	209	–	2 061	3 836	3 836	2 123	2 318	2 531
<i>Community and public safety</i>	57 133	140 919	67 509	58 522	40 267	40 267	40 323	46 445	52 863
Community and social services	977	1 245	833	1 210	1 210	1 210	17 060	18 892	19 886
Sport and recreation	108	120	41 231	16 351	8 441	8 441	–	–	–
Public safety	55 797	139 283	25 075	32 074	30 422	30 422	10 624	13 997	18 475
Health	251	272	369	8 886	194	194	12 639	13 556	14 502
<i>Economic and environmental services</i>	657 590	584 446	148 660	377 485	460 932	460 932	104 197	114 936	126 807
Planning and development	1 589	2 308	5 384	2 728	2 293	2 293	3 332	3 651	4 003
Road transport	656 002	582 138	143 276	374 757	458 639	458 639	100 865	111 286	122 804
<i>Trading services</i>	296 934	406 665	531 282	609 738	576 249	576 249	660 182	747 941	854 289
Electricity	227 314	333 719	414 588	525 034	491 034	491 034	566 806	645 209	739 594
Water	31 314	31 085	70 631	32 005	33 805	33 805	35 563	37 549	40 170
Waste management	38 306	41 861	46 063	52 700	51 410	51 410	57 813	65 184	74 525
<b>Total Revenue - Standard</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	204 026	269 589	263 727	256 679	268 368	268 368	311 645	337 598	353 438
Executive and council	23 670	139 917	24 744	27 048	40 530	40 530	39 967	45 389	49 238
Budget and treasury office	126 122	61 290	238 983	195 896	195 274	195 274	200 574	209 492	214 203
Corporate services	54 234	68 382	–	33 735	32 565	32 565	71 104	82 717	89 997

<i>Community and public safety</i>	219 885	253 193	270 778	362 012	320 754	320 754	204 809	223 105	234 335
Community and social services	100 790	124 412	43 566	220 160	199 500	199 500	66 261	74 029	79 317
Sport and recreation	8 043	13 986	155 630	9 388	2 660	2 660	66 717	70 686	71 242
Public safety	99 307	99 287	63 749	116 501	102 661	102 661	50 988	55 545	59 480
Housing	3 371	4 590	–	3 737	3 737	3 737	8 658	9 773	10 489
Health	8 374	10 918	7 832	12 225	12 195	12 195	12 185	13 071	13 808
<i>Economic and environmental services</i>	500 942	548 971	248 449	621 852	575 849	575 849	400 970	418 715	456 620
Planning and development	17 909	26 022	55 389	14 490	14 270	14 270	17 862	18 990	20 590
Road transport	482 284	522 193	193 060	606 734	560 860	560 860	379 339	395 329	431 261
Environmental protection	748	756	–	628	720	720	3 769	4 396	4 769
<i>Trading services</i>	182 218	225 196	650 893	344 810	385 887	385 887	750 935	848 792	916 152
Electricity	166 807	205 774	339 699	316 891	335 759	335 759	461 196	524 818	584 826
Water	4 792	1 079	100 013	6 552	11 675	11 675	128 603	140 733	144 899
Waste water management	1 658	1 658	113 985	1 698	7 435	7 435	61 535	69 908	72 479
Waste management	8 961	16 684	97 195	19 669	31 019	31 019	99 600	113 334	113 949
<i>Other</i>	158	4 004	–	2 525	1 748	1 748	1 630	2 071	2 297
Total Expenditure - Standard	1 107 229	1 300 953	1 433 847	1 587 877	1 552 606	1 552 606	1 669 989	1 830 282	1 962 841
Surplus/(Deficit) for the year	247 746	315 300	(199 997)	19 411	47 125	47 125	67 466	122 676	92 814

### Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the

municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

**Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

MP322 Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)							2012/13 Medium Term Revenue & Expenditure Framework		
Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<b>Revenue by Vote</b>									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	70	–	25	–	–	–	–	–	–
Vote 4 - SECRETARY TO COUNCIL	151 160	198 406	–	–	–	–	6	7	7
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	–	51 588	–	–	–	–	–	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	855	–	5 384	29	–	–	–	–	–
Vote 9 - CORPORATE SERVICES	1 090	1 973	–	33	62	62	1 006	1 104	1 211
Vote 10 - FINANCIAL SERVICES	427 507	446 665	491 501	559 462	564 640	564 640	930 611	1 041 296	1 019 142
Vote 11 - TECHNICAL SERVICES	389 157	721 557	571 165	876 218	878 572	878 572	624 313	709 131	811 774
Vote 12 - COMMUNITY SERVICES	226 834	146 873	165 775	166 150	151 074	151 074	176 114	195 501	217 041
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	158 303	49 191	–	5 396	5 383	5 383	5 406	5 918	6 481
<b>Total Revenue by Vote</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 737 455</b>	<b>1 952 957</b>	<b>2 055 656</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	8 012	68 732	24 744	4 012	27 733	27 733	7 685	9 006	9 866
Vote 2 - OFFICE OF COUNCIL	11 853	19 638	–	9 469	–	–	9 938	10 869	11 740
Vote 3 - OFFICE OF THE CHIEF WHIP	213	9 819	–	785	–	–	963	1 150	1 252
Vote 4 - SECRETARY TO COUNCIL	7 671	29 456	–	9 646	9 691	9 691	17 557	20 041	21 704
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	121 585	8 097	–	7 576	2 226	2 226	15 449	18 014	19 640
Vote 6 - DEPUTY MUNICIPAL MANAGER	1 357	1 357	–	(343)	–	–	(703)	(640)	(619)
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	16 610	8 668	55 389	18 903	23 405	23 405	18 258	21 616	23 878
Vote 8 - TRANSVERSAL SERVICES	2 121	2 121	–	2 277	–	–	4 871	5 889	6 448
Vote 9 - CORPORATE SERVICES	22 434	58 003	–	47 395	54 416	54 416	46 057	48 732	51 285
Vote 10 - FINANCIAL SERVICES	126 122	61 290	238 983	201 620	199 848	199 848	210 874	220 720	218 059
Vote 11 - TECHNICAL SERVICES	454 355	657 319	746 758	875 771	808 386	808 386	891 338	984 282	1 060 554
Vote 12 - COMMUNITY SERVICES	219 283	271 277	367 973	367 921	388 795	388 795	394 203	432 893	456 752
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	115 613	105 175	–	42 844	38 107	38 107	53 497	57 709	82 281
<b>Total Expenditure by Vote</b>	<b>1 107 229</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 877</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 669 989</b>	<b>1 830 281</b>	<b>1 962 842</b>
<b>Surplus/(Deficit) for the year</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>67 467</b>	<b>122 676</b>	<b>92 815</b>

**Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This shows that some departments within the municipality are not revenue generating departments and therefore such departments will always have deficits where their expenditures exceed revenue, but the revenue generating departments will have revenue higher than the expenditure at department level which later contributes to the overall surplus of the municipality.

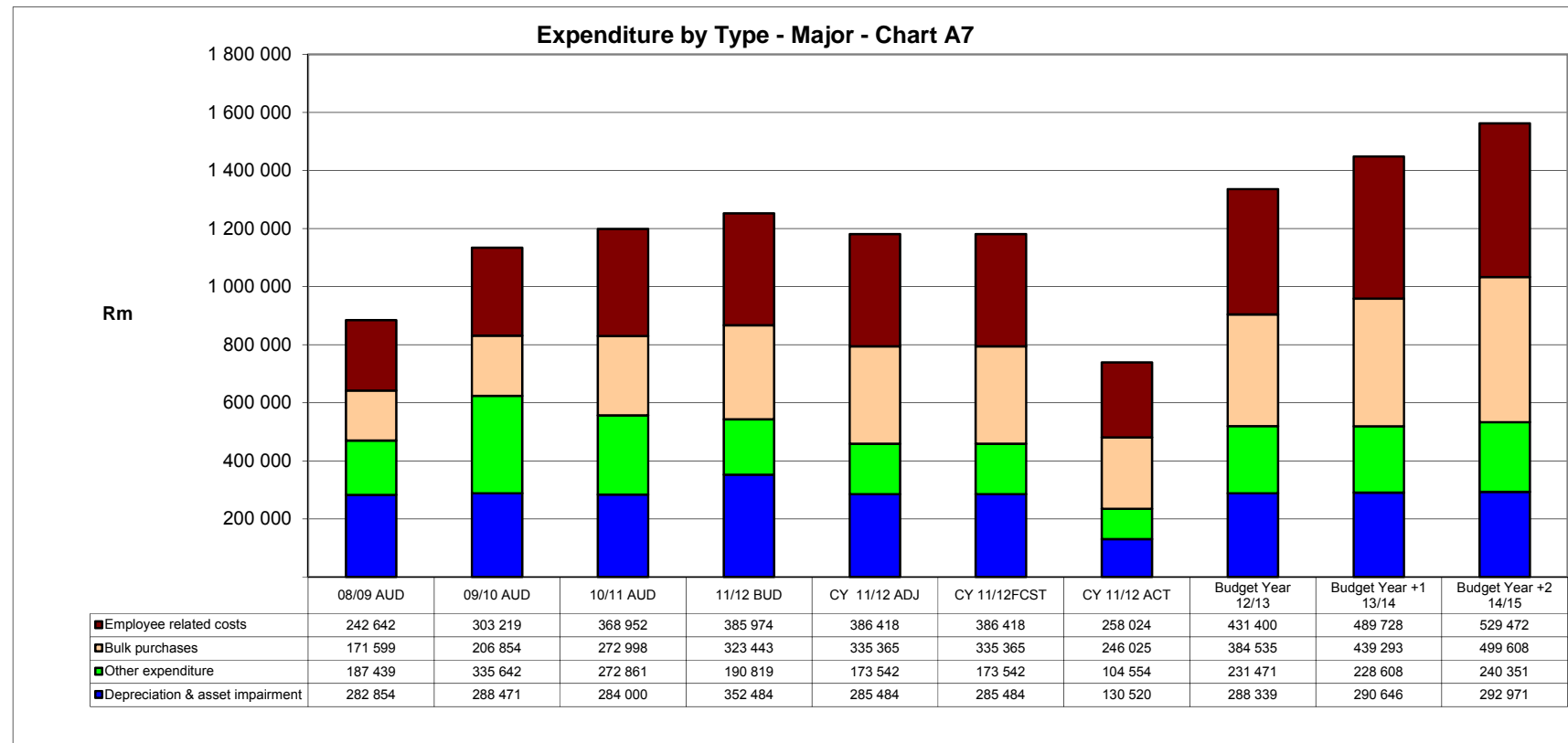
**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

MP322 Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	737 154
Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 875	32 221	36 668
Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 135	19 121	21 743
Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment	1 596	1 412	24 220	23 064	14 047	14 047	14 047	22 910	25 327	26 963
Interest earned - external investments	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 301	4 430	4 516
Interest earned - outstanding debtors	30 810	24 027	18 625	18 339	15 521	15 521	15 521	18 339	20 173	22 190
Fines	4 557	3 023	3 079	3 742	2 162	2 162	2 162	3 742	4 117	4 488
Licences and permits	6	9	6	5 299	6 299	6 299	6 299	7 830	9 004	10 354
Agency services	18 834	20 137	20 663	71 688	71 688	71 688	71 688	77 921	85 713	85 713
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	331 689	382 118	298 130
Gains on disposal of PPE	–	263	5 126	9 555	9 555	9 555	9 555	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>
<b>Expenditure By Type</b>										
Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Debt impairment	101 931	51 063	8 993	68 318	84 181	84 181	84 181	76 009	85 613	72 968
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	384 535	439 293	499 608
Other materials	–	–	–	34 315	31 015	31 015	31 015	32 876	37 808	40 076
Contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	179 838	195 527	206 084
Other expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	214 713	228 608	240 351
<b>Total Expenditure</b>	<b>1 107 229</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 877</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 552 606</b>	<b>1 669 989</b>	<b>1 830 282</b>	<b>1 962 841</b>
<b>Surplus/(Deficit)</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) after taxation</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>
<b>Surplus/(Deficit) for the year</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>67 466</b>	<b>122 676</b>	<b>92 814</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R1.7 billion in 2012/13 and escalates to R2 billion by 2014/15 and it represents a growth of 18.3%.
2. The municipality will receive most of its revenue from service charge amounting to R639 million indicating an increase of R107 million (20%) in 2012/2013 financial year and resulting in an overall increase to R870 million over the medium-term. The revenue to be generated from Electricity service charge remains relatively high at R565 million (33%) of the total operating revenue budget and other service charge contributes 6%.
3. The revenue from property rates will amount to R390 million less rates rebates in terms of the rates policy amounting to R109 million in 2012/2013 financial year and resulting in an overall increase to R478 million less rates rebate of R132 million over the medium-term (23%). The property rates revenue contributes about 16% of the total operating revenue budget.
4. Operating grants allocation comprising of equitable share, water operating subsidy grant etc. contributes 18% to the total operating revenue budget and will amount to R321 million in 2012/2013 financial year, showing an increase of 7%.
5. Revenue to be recognized from conditional grants after the grants have been utilized for the intended purpose will amount to R293 million, contributing 17% to the total operating revenue budget.
6. Other income will amount to R174 million, contributing 10% to the total operating revenue.

7. The following graph illustrates the major expenditure items per type.



8. The employees' remuneration cost will be R431 million in 2012/2013 financial year due to an increase of R45 million (12%) and the expenditure to the total operating revenue budget, excluding conditional grants is 29%. The employees remuneration cost will increase to R529 million in 2014/2015 financial year and the expenditure to the total operating budget will be 29%. Included in the employees remuneration cost budget is amount of R54 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation plan of the new organizational structure approved by council, under item A(65) of 27 October 2011.

9. The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R385 million due to an increase of 13.5% given to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2012.
10. The depreciation cost will be R288 million make up 17% of the total operating expenditure and is about 6% of the total assets carrying value of R5 178 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.
11. The general expenditure increases marginal by 3% to R144 million in 2012/2013 and the overall increase over the medium-term is R18 million (12%) to R158 million in 2014/2015 financial year. The marginal increase in general expenditure is due to continues review of the expenditure patterns and conducted with the intention of shifting funds from low priority programmes to high priority programmes in line with national government's guidelines.
12. A total of R118 million has been allocated during the 2012/2013 financial year for repairs and maintenance of the municipal infrastructure and assets, increasing to R129 million in 2014/2015, resulting in an increase of 18% over the medium-term.
13. Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R76 million in 2012/2013 financial year. The provision for debt impairment represents about 8% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.
14. An amount of R57 million has been allocated on the 2012/2013 financial year for IDP projects in response to the developmental priorities of the municipality and the total amount allocated over medium-term will be R186 million.

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	–	474	–	–	–	–	–	–	–	–
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	–	1 693	–	30	30	30	30	–	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	868	91	–	–	–	–	–	4 870	7 800	18 100
Vote 9 - CORPORATE SERVICES	90	1 910	–	3 125	3 125	3 125	3 125	5 000	5 000	4 300
Vote 10 - FINANCIAL SERVICES	497	697	1 245	4 026	2 026	2 026	2 026	9 500	8 800	6 500
Vote 11 - TECHNICAL SERVICES	674 411	691 091	277 593	399 996	342 913	342 913	342 913	261 531	383 549	295 943
Vote 12 - COMMUNITY SERVICES	21 246	124 044	22 092	47 611	25 864	25 864	25 864	26 367	29 770	34 885
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	13 369	33 381	316	35 720	35 720	35 720	35 720	17 050	40 725	39 486
<b>Capital multi-year expenditure sub-total</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>490 508</b>	<b>409 678</b>	<b>409 678</b>	<b>409 678</b>	<b>324 318</b>	<b>475 643</b>	<b>399 214</b>
<b>Single-year expenditure to be appropriated</b>										
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	–	–	–	–	–	–	–	–	–	–
Vote 4 - SECRETARY TO COUNCIL	–	–	–	–	–	–	–	850	–	–
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	–	–	–	–	–	–	–	–	–	–
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	–	–	–	12 250	5 473	5 473	5 473	–	–	–
Vote 9 - CORPORATE SERVICES	–	–	–	2 780	–	–	–	1 090	–	–
Vote 10 - FINANCIAL SERVICES	–	–	–	4 211	1 832	1 832	1 832	200	–	–
Vote 11 - TECHNICAL SERVICES	–	–	–	29 019	26 805	26 805	26 805	114 407	83 164	179 575
Vote 12 - COMMUNITY SERVICES	–	–	–	37 041	37 041	37 041	37 041	19 140	4 570	–
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	–	–	–	61 301	54 768	54 768	54 768	13 250	–	8 000
<b>Capital single-year expenditure sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>146 602</b>	<b>125 918</b>	<b>125 918</b>	<b>125 918</b>	<b>148 937</b>	<b>87 734</b>	<b>187 575</b>
<b>Total Capital Expenditure - Vote</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 110</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

<b>Capital Expenditure - Standard</b>										
<i>Governance and administration</i>	1 456	4 865	1 245	36 750	17 825	17 825	17 825	23 760	21 600	16 100
Executive and council	–	2 166	–	–	–	–	–	850		
Budget and treasury office	497	697	1 245	15 700	3 658	3 658	3 658	11 950	8 800	6 500
Corporate services	958	2 001	–	21 050	14 167	14 167	14 167	10 960	12 800	9 600
<i>Community and public safety</i>	21 246	124 044	22 092	59 500	30 108	30 108	30 108	60 507	49 340	55 885
Community and social services	9 299	100 736	22 092	14 500	25 108	25 108	25 108	22 020	22 700	21 090
Sport and recreation				–	5 000	5 000	5 000	10 000	3 500	5 000
Public safety	11 947	23 308		45 000	–	–	–	13 487	8 140	8 795
Housing				–	–	–	–	15 000	15 000	21 000
<i>Economic and environmental services</i>	50 158	97 787	316	185 566	244 874	244 874	244 874	155 709	200 421	118 792
Planning and development	13 369	33 381	316	19 500	13 116	13 116	13 116	12 300	20 325	17 086
Road transport	36 789	64 406		166 066	231 758	231 758	231 758	143 409	180 097	101 706
<i>Trading services</i>	117 512	127 222	277 593	176 007	242 788	242 788	242 788	233 279	292 016	396 011
Electricity	35 959	28 130	277 593	73 169	39 913	39 913	39 913	53 360	63 899	81 751
Water	81 552	99 092		69 108	111 549	111 549	111 549	131 264	163 885	238 901
Waste water management				17 130	87 526	87 526	87 526	33 355	52 682	64 559
Waste management				16 600	3 800	3 800	3 800	15 300	11 550	10 800
<i>Other</i>	520 111	499 462			–	–	–			
<b>Total Capital Expenditure - Standard</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>457 823</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>
<b>Funded by:</b>										
National Government	591 215	578 563	128 676	347 616	324 262	324 262	324 262	251 548	292 232	214 783
<b>Transfers recognised - capital</b>	<b>591 215</b>	<b>584 563</b>	<b>128 676</b>	<b>347 616</b>	<b>324 262</b>	<b>324 262</b>	<b>324 262</b>	<b>251 548</b>	<b>292 232</b>	<b>214 783</b>
Public contributions & donations		15 593	–	6 300	6 300	6 300	6 300	4 500	5 400	6 500
Borrowing	22 252	130 940	70 140	70 522	43 690	43 690	43 690	60 000	40 000	60 250
Internally generated funds	97 016	122 284	102 429	212 726	161 343	161 343	161 343	157 207	225 745	305 255
<b>Total Capital Funding</b>	<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 164</b>	<b>535 596</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13 R324 million has been allocated of the total R473 million capital budget, which totals 68%. This allocation escalates to R563 million in 2013/14 and R586 million in 2014/15.
3. Single-year capital expenditure has been appropriated at R148 million for the 2012/13 to R187 million in 2014/12.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts which has been projected at 36% on average per annum over the medium term. For 2012/13, capital grants totals R251 million and decrease to R292 million by 2013/14 and increase again to R214 million by 2014/15. Borrowing has been provided at R60 million, R40 million and R60 million over the MTREF with internally generated funding totaling R157 million, R225 million and R305 million for each of the respective financial years of the MTREF.
6. The grants in-kind allocation for the 2012/2013 budget year amounts to R18 million.

**Table A6 - Budgeted Financial Position**

MP322 Mbombela - Table A6 Budgeted Financial Position										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	567 212 597	25 864 540	15 773	85 925	42 417	42 417	42 417	105 308	117 028	220 894
Consumer debtors	45 290	53 256	72 165	81 503	65 640	65 640	65 640	44 054	24 339	17 388
Other debtors	21 341 048	182 987	45 200	15 058	15 058	15 058	15 058	15 961	16 919	17 934
Inventory	13 758 629	14 564 714	13 992	14 851	14 851	14 851	14 851	15 594	16 373	17 192
<b>Total current assets</b>	<b>647 603</b>	<b>276 673</b>	<b>147 130</b>	<b>197 337</b>	<b>137 966</b>	<b>137 966</b>	<b>137 966</b>	<b>180 917</b>	<b>174 659</b>	<b>273 408</b>
<b>Non current assets</b>										
Long-term receivables	974 883	1 413 601	480	–	734	734	734	–	–	–
Investments	20 017 418	11 741 844	22 597	12 088	12 088	12 088	12 088	19 171	20 178	21 238
Investment property	351 610 885	348 675 778	401 473	401 473	401 473	401 473	401 473	401 473	401 473	401 473
Property, plant and equipment	5 583 104	6 148 552	5 190 720	5 333 701	5 414 052	5 414 052	5 414 052	5 554 512	5 773 816	6 041 752
Intangible	2 989	3 296	7 603	7 603	7 603	7 603	7 603	–	–	–
Other non-current assets	–	–	–	210	210	210	210	–	–	–
<b>Total non current assets</b>	<b>5 958 791</b>	<b>6 513 758</b>	<b>5 622 873</b>	<b>5 755 074</b>	<b>5 836 159</b>	<b>5 836 159</b>	<b>5 836 159</b>	<b>5 975 156</b>	<b>6 195 467</b>	<b>6 464 463</b>
<b>TOTAL ASSETS</b>	<b>6 606 394</b>	<b>6 790 431</b>	<b>5 770 002</b>	<b>5 952 411</b>	<b>5 974 125</b>	<b>5 974 125</b>	<b>5 974 125</b>	<b>6 156 073</b>	<b>6 370 126</b>	<b>6 737 871</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	–	82 045 108	–	–	–	–	–	–	–	–
Borrowing	7 789	21 861	13 261	40 772	40 772	40 772	40 772	12 278	12 278	12 278
Consumer deposits	1 642 314	1 859 900	1 834	1 834	1 834	1 834	1 834	1 926	2 041	2 164
Trade and other payables	592 796	461 669	474 981	290 464	317 464	317 464	317 464	168 000	159 650	156 383
Provisions	1 994 000	2 063 000	2 464	2 233	2 233	2 233	2 233	2 389	2 533	2 685
<b>Total current liabilities</b>	<b>604 221</b>	<b>569 498</b>	<b>492 541</b>	<b>335 303</b>	<b>362 303</b>	<b>362 303</b>	<b>362 303</b>	<b>184 593</b>	<b>176 502</b>	<b>173 509</b>
<b>Non current liabilities</b>										
Borrowing	67 817	36 344	175 645	179 498	179 498	179 498	179 498	323 345	301 226	273 452
Provisions	84 011	106 902	154 170	140 896	135 351	135 351	135 351	135 966	136 618	137 308
<b>Total non current liabilities</b>	<b>151 827</b>	<b>143 246</b>	<b>329 815</b>	<b>320 394</b>	<b>314 849</b>	<b>314 849</b>	<b>314 849</b>	<b>459 311</b>	<b>437 844</b>	<b>410 761</b>
<b>TOTAL LIABILITIES</b>	<b>756 049</b>	<b>712 744</b>	<b>822 356</b>	<b>655 697</b>	<b>677 153</b>	<b>677 153</b>	<b>677 153</b>	<b>643 904</b>	<b>614 346</b>	<b>584 270</b>
<b>NET ASSETS</b>	<b>5 850 345</b>	<b>6 077 687</b>	<b>4 947 647</b>	<b>5 296 714</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 512 169</b>	<b>5 755 780</b>	<b>6 153 601</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	5 850 345	6 077 687	4 947 647	5 296 714	5 296 972	5 296 972	5 296 972	5 512 169	5 755 780	6 153 601
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5 850 345</b>	<b>6 077 687</b>	<b>4 947 647</b>	<b>5 296 714</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 512 169</b>	<b>5 755 780</b>	<b>6 153 601</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

**Table A7 - Budgeted Cash Flow Statement**

MP322 Mbombela - Table A7 Budgeted Cash Flows										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	1 138 964	156 534	924 021	1 086 661	1 100 791	1 100 791	1 100 791	1 190 028	1 339 630	1 484 765
Government - operating	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Government - capital	591 566	528 045	122 033	234 065	200 031	200 031	200 031	256 771	291 794	214 269
Interest	72 078	40 417	26 354	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees	(674 666)	(1 882 840)	(1 112 403)	(1 129 246)	(1 032 291)	(1 032 291)	(1 032 291)	(1 327 360)	(1 415 106)	(1 552 862)
Finance charges	(11 517)	(18 822)	(35 869)	(31 531)	(27 329)	(27 329)	(27 329)	(34 819)	(31 486)	(47 317)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>1 296 223</b>	<b>(778 927)</b>	<b>238 464</b>	<b>458 571</b>	<b>540 198</b>	<b>540 198</b>	<b>540 198</b>	<b>405 227</b>	<b>536 744</b>	<b>486 028</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	-	-	6 121	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	(59)	(85)	580	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	(2 333)	8 276	(10 855)	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets	(1 143 600)	155 780	(299 402)	(495 465)	(508 816)	(508 816)	(508 816)	(425 704)	(507 369)	(556 728)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(1 145 993)</b>	<b>163 971</b>	<b>(303 556)</b>	<b>(495 465)</b>	<b>(508 816)</b>	<b>(508 816)</b>	<b>(508 816)</b>	<b>(425 704)</b>	<b>(507 369)</b>	<b>(556 728)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Borrowing long term/refinancing	884	272	(156)	50 000	43 690	43 690	43 690	100 000	-	200 000
<b>Payments</b>										
Repayment of borrowing	(10 699)	(8 709)	137 202	(21 600)	(48 428)	(48 428)	(48 428)	(16 633)	(17 654)	(25 435)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(9 814)</b>	<b>(8 437)</b>	<b>137 046</b>	<b>28 400</b>	<b>(4 738)</b>	<b>(4 738)</b>	<b>(4 738)</b>	<b>83 367</b>	<b>(17 654)</b>	<b>174 565</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>140 417</b>	<b>(623 393)</b>	<b>71 954</b>	<b>(8 494)</b>	<b>26 644</b>	<b>26 644</b>	<b>26 644</b>	<b>62 890</b>	<b>11 720</b>	<b>103 866</b>
Cash/cash equivalents at the year begin:	<b>426 796</b>	<b>567 213</b>	<b>(56 181)</b>	<b>94 419</b>	<b>15 773</b>	<b>15 773</b>	<b>15 773</b>	<b>42 418</b>	<b>105 308</b>	<b>117 028</b>
Cash/cash equivalents at the year end:	<b>567 213</b>	<b>(56 181)</b>	<b>15 773</b>	<b>85 925</b>	<b>42 417</b>	<b>42 417</b>	<b>42 417</b>	<b>105 308</b>	<b>117 028</b>	<b>220 894</b>

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality is increasing during the 2012/13 by R62 million and continue to grow throughout the medium term to R103 million.
4. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R105 million as at the end of the 2012/13 financial year and escalates to R220 million by 2014/15.

**Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

MP322 Mbombela - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	105 308	117 028	220 894
Other current investments > 90 days	(0)	(0)	(0)	-	-	-	0	-	-	-
Non current assets - Investments	20 017	11 742	22 597	12 088	12 088	12 088	12 088	19 171	20 178	21 238
<b>Cash and investments available:</b>	<b>587 230</b>	<b>(44 439)</b>	<b>38 370</b>	<b>98 013</b>	<b>54 505</b>	<b>54 505</b>	<b>54 505</b>	<b>124 479</b>	<b>137 206</b>	<b>242 132</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers	414 185	141 285	157 464	157 464	157 464	157 464	157 464	33 000	34 650	36 383
Statutory requirements	2 668	-	-	-	-	-	-	-	-	-
Other working capital requirements	110 703	289 431	197 418	51 962	50 359	50 359	50 359	84 439	90 383	88 482
Other provisions	-	-	651	920	920	920	920	1 103	1 103	1 103
<b>Total Application of cash and investments:</b>	<b>527 556</b>	<b>430 716</b>	<b>355 533</b>	<b>210 346</b>	<b>208 743</b>	<b>208 743</b>	<b>208 743</b>	<b>118 542</b>	<b>126 136</b>	<b>125 967</b>
<b>Surplus(shortfall)</b>	<b>59 674</b>	<b>(475 155)</b>	<b>(317 163)</b>	<b>(112 333)</b>	<b>(154 238)</b>	<b>(154 238)</b>	<b>(154 238)</b>	<b>5 938</b>	<b>11 071</b>	<b>116 165</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modeled to progressively move from a deficit of R154 million in 2011/12/ to a surplus of R116 million by 2014/15.

**Table A9 - Asset Management**

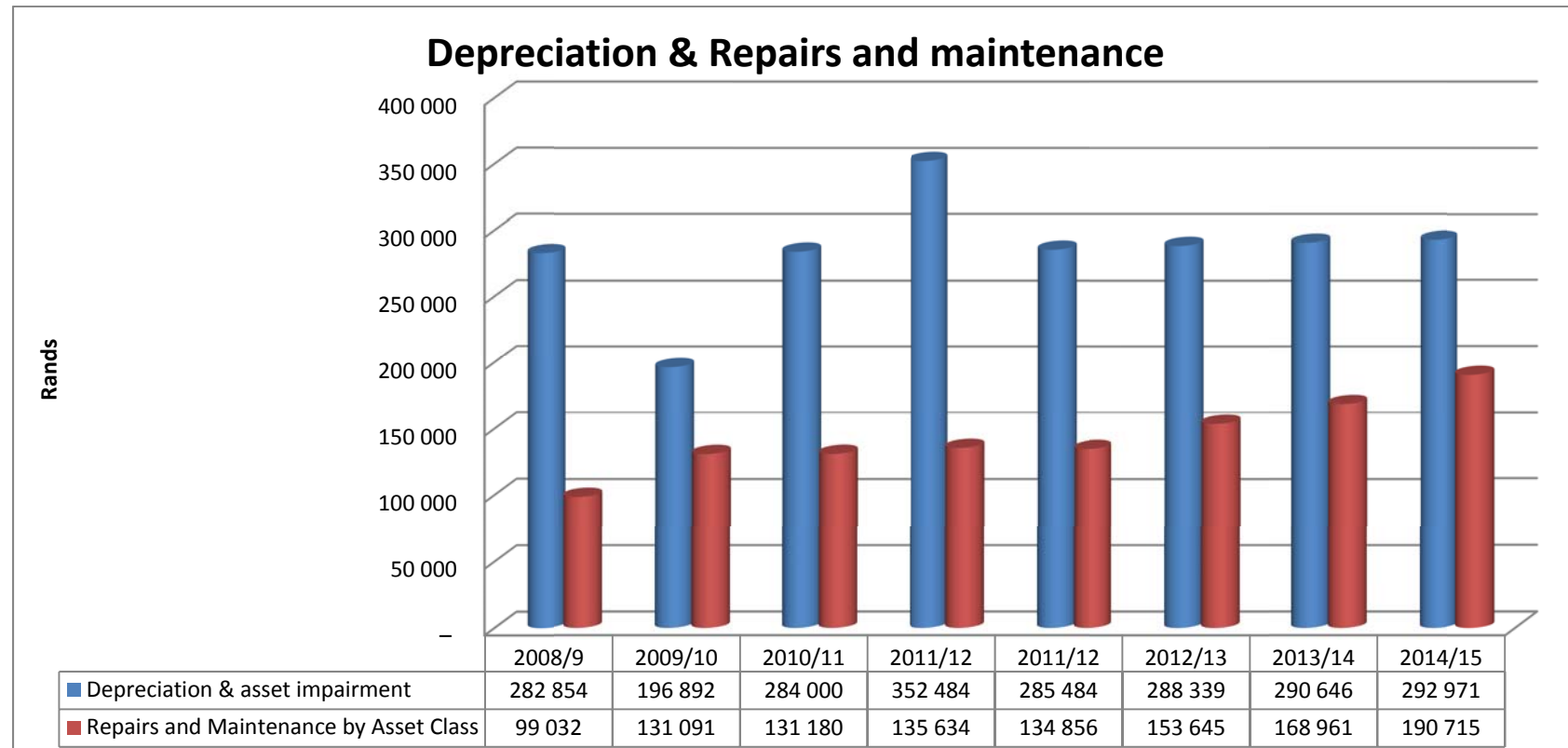
Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CAPITAL EXPENDITURE</b>									
<b><u>Total New Assets</u></b>	<b>710 834</b>	<b>853 380</b>	<b>115 665</b>	<b>257 355</b>	<b>287 725</b>	<b>287 725</b>	<b>288 691</b>	<b>289 994</b>	<b>264 340</b>
<i>Infrastructure - Road transport</i>	46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
<i>Infrastructure - Electricity</i>	65 741	65 741	31 030	34 639	35 389	35 389	39 060	23 000	22 101
<i>Infrastructure - Water</i>	28 902	28 902	11 032	64 041	81 291	81 291	36 950	43 758	92 268
<i>Infrastructure - Sanitation</i>	16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
<i>Infrastructure - Other</i>	60 990	60 990	41 186	21 900	21 900	21 900	59 140	52 675	47 336
Infrastructure	219 266	361 812	115 184	180 825	211 195	211 195	276 314	280 424	255 345
Community	440 760	440 760	–	12 500	12 500	12 500	12 377	9 570	8 995
Other assets	50 807	50 807	482	63 530	63 530	63 530	–	–	–
Intangibles	–	–	–	500	500	500	–	–	–
<b><u>Total Renewal of Existing Assets</u></b>	<b>–</b>	<b>1</b>	<b>185 581</b>	<b>379 755</b>	<b>247 872</b>	<b>247 872</b>	<b>184 564</b>	<b>273 383</b>	<b>322 449</b>
<i>Infrastructure - Road transport</i>	–	–	35 293	86 017	91 429	91 429	60 700	73 825	67 986
<i>Infrastructure - Electricity</i>	–	–	17 650	34 300	31 300	31 300	14 300	40 899	59 650
<i>Infrastructure - Water</i>	–	–	65 414	160 277	66 610	66 610	72 514	120 127	146 633
<i>Infrastructure - Sanitation</i>	–	–	51 521	44 846	32 096	32 096	9 000	4 112	6 040
<i>Infrastructure - Other</i>	–	–	15 703	12 316	–	–	20 220	24 700	32 050
Infrastructure	–	–	185 581	337 755	221 435	221 435	176 734	263 663	312 359
Community	–	1	–	10 700	5 800	5 800	7 830	9 720	10 090
Other assets	–	–	–	31 300	20 636	20 636	–	–	–
<b><u>Total Capital Expenditure</u></b>									
<i>Infrastructure - Road transport</i>	46 677	189 223	66 586	116 261	134 044	134 044	176 109	186 247	103 106
<i>Infrastructure - Electricity</i>	65 741	65 741	48 680	68 939	66 689	66 689	53 360	63 899	81 751
<i>Infrastructure - Water</i>	28 902	28 902	76 446	224 318	147 901	147 901	109 464	163 885	238 901

<i>Infrastructure - Sanitation</i>	16 956	16 956	52 165	74 846	62 096	62 096	34 755	52 682	64 559
<i>Infrastructure - Other</i>	60 990	60 990	56 888	34 216	21 900	21 900	79 360	77 375	79 386
Infrastructure	219 266	361 812	300 765	518 580	432 630	432 630	453 048	544 087	567 703
Community	440 760	440 761	–	23 200	18 300	18 300	20 207	19 290	19 085
Other assets	50 807	50 807	482	94 830	84 166	84 166	–	–	–
Intangibles	–	–	–	500	500	500	–	–	–
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>710 834</b>	<b>853 380</b>	<b>301 246</b>	<b>637 110</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
<i>Infrastructure - Road transport</i>	3 762 476	2 838 366	1 353 295	1 453 295	1 476 546	1 476 546	1 550 374	1 627 892	1 709 287
<i>Infrastructure - Electricity</i>	118 637	430 501	454 994	474 994	487 452	487 452	511 825	537 416	564 287
<i>Infrastructure - Water</i>	344 005	1 385 908	1 274 690	1 144 767	1 283 441	1 283 441	1 347 613	1 414 993	1 485 743
<i>Infrastructure - Sanitation</i>	188 570	207 427	482 082	582 082	592 928	592 928	492 332	516 948	542 796
<i>Infrastructure - Other</i>	165 537	182 091	466 267	566 267	572 719	572 719	601 355	573 002	580 897
Infrastructure	4 579 225	5 044 292	4 031 328	4 221 406	4 413 087	4 413 087	4 503 499	4 670 252	4 883 010
Community	934 473	1 027 920	1 079 316	999 720	1 000 965	1 000 965	1 051 013	1 103 564	1 158 742
Heritage assets	77	77	–	–	–	–	–	–	–
Investment properties	351 611	348 676	401 473	401 473	401 473	401 473	401 473	401 473	401 473
Other assets	69 330	76 263	80 076	112 575	–	–	–	–	–
Biological assets	95	79	–	–	–	–	–	–	–
Intangibles	2 989	3 296	7 603	7 603	7 603	7 603	–	–	–
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5 937 799</b>	<b>6 500 603</b>	<b>5 599 796</b>	<b>5 742 777</b>	<b>5 823 128</b>	<b>5 823 128</b>	<b>5 955 985</b>	<b>6 175 289</b>	<b>6 443 225</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<u>Depreciation &amp; asset impairment</u>	282 854	196 892	284 000	352 484	285 484	285 484	288 339	290 646	292 971
<u>Repairs and Maintenance by Asset Class</u>	99 032	131 091	131 180	135 634	134 856	134 856	153 645	168 961	190 715
<i>Infrastructure - Road transport</i>	29 058	48 307	49 950	43 181	34 002	34 002	36 842	40 883	42 677
<i>Infrastructure - Electricity</i>	25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Infrastructure - Water</i>	13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Infrastructure - Sanitation</i>	10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Infrastructure - Other</i>	5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
Infrastructure	84 579	107 397	107 890	107 945	103 222	103 222	117 981	129 345	140 535

Community	10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Other assets	4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>381 886</b>	<b>327 983</b>	<b>415 180</b>	<b>488 119</b>	<b>420 340</b>	<b>420 340</b>	<b>441 984</b>	<b>459 607</b>	<b>483 686</b>
<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	61.6%	59.6%	46.3%	46.3%	39.0%	48.5%	55.0%
<i>Renewal of Existing Assets as % of deprecn"</i>	0.0%	0.0%	65.3%	107.7%	86.8%	86.8%	64.0%	94.1%	110.1%
<i>R&amp;M as a % of PPE</i>	1.8%	2.1%	2.5%	2.5%	2.5%	2.5%	2.8%	2.9%	3.2%
<i>Renewal and R&amp;M as a % of PPE</i>	2.0%	2.0%	6.0%	9.0%	7.0%	7.0%	6.0%	7.0%	8.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. For the 2011/12 financial year, 76% or (R118 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 23.9% (R36 million), followed by Electricity totaling 18.8% (R29 million), Community at 18% (R28 million), water at 14% (R22 million), infrastructure - other assets has been allocated R15 million of total repairs and maintenance equating to 10%, sanitation is at 9.45% (R14 million) and other assets is allocated an amount of R7 million.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.



MP322 Mbombela - Table A10 Basic service delivery measurement

[illegible]



Property rates (R15 000 threshold rebate)	–	3,019	3,019	3,373	3,373	3,373	3,593	3,833	4,083
Property rates (other exemptions, reductions and rebates)	–	77,651	77,651	86,589	86,589	86,589	105,098	115,395	127,974
Water	19,482	32,198	32,198	49,947	49,947	49,947	55,298	59,236	63,651
Sanitation	425	581	581	616	616	616			
Electricity/other energy	1,077	5,355	5,355	29,943	29,943	29,943	33,151	35,512	38,159
Refuse	1,245	1,627	1,627	28,639	28,639	28,639	31,707	33,966	36,497
<b>Total revenue cost of free services provided (total social package)</b>	<b>22,230</b>	<b>120,431</b>	<b>120,431</b>	<b>199,108</b>	<b>199,108</b>	<b>199,108</b>	<b>228,846</b>	<b>247,942</b>	<b>270,363</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the municipality R50 million in 2012/13, increasing to R61 million in 2014/15. This is covered by the municipality's equitable share allocation from national government.
2. In addition to the Free Basic Services, the Municipality also 'gives' households R148 million in free services in 2012/13, and it increases to R179 million in 2014/15. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

## **PART 2 – SUPPORTING DOCUMENTATION**

### **1.8 OVERVIEW OF THE ANNUAL BUDGET PROCESS**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **1.8.1 Budget process overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2011. Key dates applicable to the process were:

##### **(a) Planning Phase**

The Mayor tabled in Council the required the IDP and budget time schedule on 26 August 2011 Resolution (A8) The following process was followed during the review of MLM IDP and Budget for 2011/2012.

**(b) Analysis Phase**

Community based Planning (CBP) meetings took place during October 2010 until January 2011. The main aim of the meetings was to give the communities an opportunity to raise priorities issues that need to be addressed on the 2011/2012 budget.

**(c) Strategy Phase**

**09,10 and 11 November 2012:** Joint strategic planning session of the Mayoral committee and Executive Management was held at Hulala and it was agreed that they should integrate the IDP process and the Sakha iMbombela turnaround strategy to fulfil the municipality's vision, taking into consideration five Key Performance Areas of the municipality, which are Basic Services, Local Economic Development, Institutional Development & Transformation, Financial Viability and Management and Good Governance & Public Participation.

**(d) Project Phase**

**09,10 and 11 November 2012:** The municipality also held an internal Lekgotla at Hulala resort with internal Departments and Members of Mayoral Committee to prioritize projects as per the availability of funds on the budget. It was agreed that the 2011/12 budget is going to be determined by the community priorities as which are Water, Road and Storm water, Electricity, Sanitation, Community facilities, Waste Management, Local Economic Development and Rural Development.

**(e) Integration Phase**

The municipality has integrated its capital projects as informed by the vision, objectives and strategies developed and resources available. In addressing the notion of duplication and operating in silos, the municipality has included projects from the district municipality, sector departments and Eskom. The municipality is also in the process of developing and reviewing its sector plans.

These among others, include Spatial Development Framework, Local Economic Development Strategy, Comprehensive Infrastructure Plan and Disaster Management that will assist the municipality in achieving its vision.

**(f) Approval Phase**

**29 March 2012:** The draft IDP and Budget for 2012/13 was adopted by Council on 29 March 2012, Resolution: A (2).

### **1.8.2 IDP and service delivery and budget implementation plan**

It started in August 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2011/12 MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **1.8.3 Financial modelling and key planning drivers**

As part of the compilation of the 2011/12 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 – 2014/2015 annual budget and MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance

- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54,55,58 and 59 has been taken into consideration in the planning and prioritisation process.

### **1.8.3 Community consultation**

Chapter 4 of the MSA states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the municipality including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councillors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

### **1.8.4 Committees and participation**

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. MLM's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Corporate Strategy (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the municipality and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the municipality.

The draft 2012/13 MTREF as tabled before Council on 31 March 2011 for community consultation will be published on the municipality's website, and hard copies were made available at Service centre offices, municipal notice boards and various libraries on the 13 of April 2012.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## **1.9 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there

exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

#### **1.9.1 National priorities**

The President on his 2012 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating to these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.

In His address, the President has further declared 2012 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2012/2013 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

### 1.9.2 IDP strategic objectives

#### The municipality's development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	<ul style="list-style-type: none"> <li>To build strong sustainable governance and institutional structures and arrangements</li> <li>To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li> </ul>
Infrastructure and sustainable services	<ul style="list-style-type: none"> <li>To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development</li> </ul>
Rural Development	<ul style="list-style-type: none"> <li>To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li> </ul>

	<ul style="list-style-type: none"> <li>To formulate a broad over-arching human capital and community development</li> </ul>
Economic development	<ul style="list-style-type: none"> <li>To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management</li> </ul>
Financial management and viability	<ul style="list-style-type: none"> <li>To ensure legally sound financial viability and management</li> </ul>
Human capital and community development	<ul style="list-style-type: none"> <li>To formulate a broad over-arching human capital and community development</li> </ul>
2010 Legacy and Flagship projects concept	<ul style="list-style-type: none"> <li>To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management</li> <li>To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li> <li>To formulate a broad over-arching human capital and community development</li> <li>To build strong sustainable governance and institutional structures and arrangements</li> <li>To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li> </ul>

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

**Alignment of MLM IDP priorities with National, Provincial and District Priorities**

<b>MILLENNIUM DEVELOPMENT GOALS</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Develop a Global Partnership for Development	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Human capital and community development</li> </ul>
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Economic development</li> </ul>
Ensure environmental sustainability	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
Promote gender equality and empower women	<ul style="list-style-type: none"> <li>➤ Human capital and social development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
<b>NATIONAL PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Corruption	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
Education	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> </ul>
Health	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
The fight against crime	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>

Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Rural development, food security & land reform	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Rural development</li> </ul>
<b>PROVINCIAL PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Agriculture	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Skills	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Institutional development &amp; transformation</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Economic growth & job creation	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Strategic infrastructure	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> <li>➤ Human capital &amp; community development</li> <li>➤ Flagship projects</li> </ul>
Social cohesion	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
<b>DISTRICT PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Basic service and infrastructure development	<ul style="list-style-type: none"> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Local economic development	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>

Institutional transformation and development	<ul style="list-style-type: none"> <li>➤ Institutional development and transformation</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
Financial viability and management	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Financial management and viability</li> </ul>
Public participation and good governance	<ul style="list-style-type: none"> <li>➤ Institutional development and transformation</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
Traditional leaders	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
- During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- Diverse developmental needs in areas within each ward were noted during the Analysis phase
- Poor attendance in some wards during the consultation meetings has negative effects;
- Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- Communities should be provided with maps of their areas during consultation process to assist the municipality in mapping social needs;
- Government departments and parastatals are not attending IDP meetings even though they are invited;
- Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programmes across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- There is a need for an organized consultation process with sector departments from both the municipality and district perspective.

The 2012/13 – 2014/2015 annual budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

MP322 Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)										
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	2 284	2 515	5 384	11 173	7 841	7 841	8 468	9 518	10 519
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	624 136	867 939	623 368	865 038	929 339	929 339	1 003 687	1 128 144	1 186 807
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	484 849	457 027	113 572	166 150	40 267	40 267	43 489	48 881	51 423
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	11 269	51 732	5 151	5 452	3 836	3 836	4 143	4 657	4 899
To ensure legally sound Financial viability and Management	Financial management & viability	232 437	237 039	486 375	559 475	618 448	618 448	677 669	761 758	802 007
Total Revenue (excluding capital transfers and contributions)		1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 737 456	1 952 958	2 055 656

**Table SA5 - Reconciliation between the IDP strategic objectives and budgeted expenditure**

MP322 Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	23 653	41 315	55 389	52 586	16 737	16 737	18 009	19 738	21 159
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	420 185	568 950	843 953	837 651	946 747	946 747	1 018 700	1 116 495	1 196 883
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	219 886	253 193	270 778	367 921	320 754	320 754	345 131	378 263	405 498
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	317 383	293 580	24 744	130 970	73 095	73 095	78 650	86 201	92 407
To ensure legally sound Financial viability and Management	Financial management & viability	126 122	143 915	238 983	198 671	195 274	195 274	209 499	229 584	246 894
<b>Total Expenditure</b>		<b>1 107 228</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 799</b>	<b>1 552 607</b>	<b>1 552 607</b>	<b>1 669 989</b>	<b>1 830 281</b>	<b>1 962 841</b>

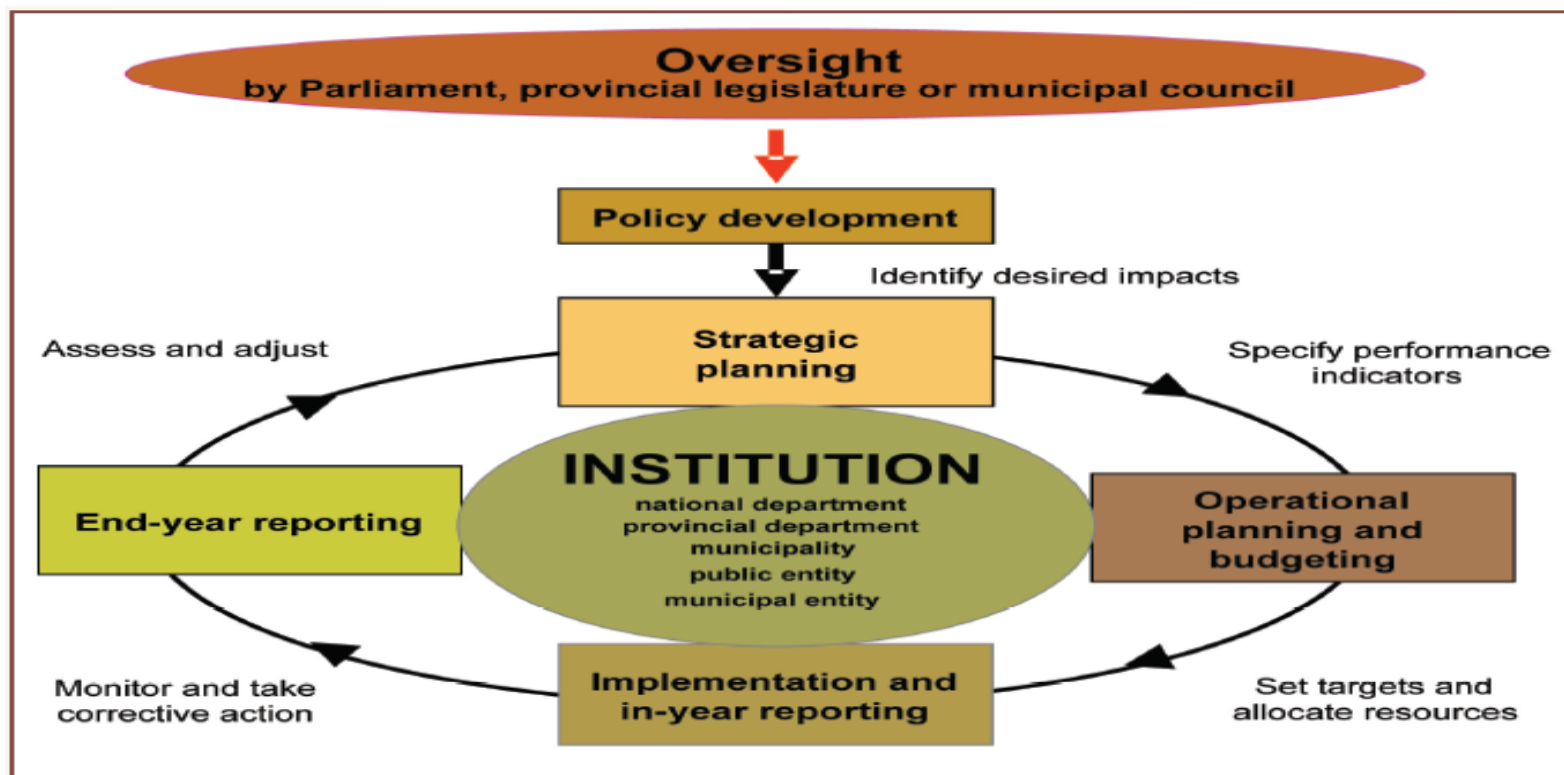
**Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

MP322 Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)										
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	13 058	19 884	16 316	29 250	23 116	23 116	15 300	25 725	26 486
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	685 540	788 083	248 093	534 580	453 156	453 156	376 688	466 712	488 317
To provide sustainable social ammenities to communities	community development	10 786	43 286	22 092	46 600	41 200	41 200	49 007	45 840	50 885
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	868	1 786	13 500	19 130	14 037	14 037	11 310	12 800	9 600
To ensure legally sound Financial viability and Management	Financial Management	231	341	1 245	7 550	4 087	4 087	10 950	8 800	6 500
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects							10 000	3 500	5 000
<b>Total Capital Expenditure</b>		<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 110</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

### **1.10 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the municipality's main performance objectives and benchmarks for the 2011/12 MTREF.

**Table SA8 - Performance indicators and benchmarks**

MP322 Mbombela - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Ex penditure	2.0%	2.1%	-7.1%	4.0%	5.5%	5.5%	5.5%	3.5%	3.3%	4.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	2.3%	-11.0%	4.8%	6.6%	6.6%	6.6%	4.2%	3.7%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.7%	0.1%	-0.1%	17.7%	21.3%	21.3%	21.3%	46.0%	0.0%	54.7%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.0	1.0	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.0	1.0	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.0	0.0	0.3	0.1	0.1	0.1	0.6	0.7	1.3
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	13.0%	102.0%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.0%	14.7%	9.6%	6.0%	5.1%	5.1%	5.1%	3.5%	2.1%	1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			82.0%							
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%	100.0%
Creditors to Cash and Investments		31.5%	-570.3%	2013.0%	154.8%	282.9%	282.9%	282.9%	128.2%	106.8%	54.3%
<b><u>Other Indicators</u></b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.9%	18.4%	29.9%	24.0%	24.2%	24.2%	24.2%	24.8%	25.1%	25.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.5%	20.0%	31.3%	25.2%	25.3%	25.3%		26.0%	26.2%	26.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.3%	8.1%	10.6%	8.4%	8.4%	8.4%		8.8%	8.7%	9.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.7%	13.3%	25.9%	24.5%	20.2%	20.2%	20.2%	19.0%	17.0%	17.1%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.9	(11.0)	42.6	27.0	27.0	27.0	78.2	80.3	62.9	65.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.7%	40.0%	16.8%	11.0%	9.6%	9.6%	9.6%	6.2%	3.8%	2.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.0	1.0	1.8

### 1.10.1 Financial performance indicators and benchmarks

#### (a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mbombela Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. It can be noted that the borrowing asset ratio of Mbombela local municipality is increasing for the medium term.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 3.5 per cent in 2012/13 to 4.5 per cent in 2013/14. This increase can be attributed to the raising of loans to fund portions of the capital programme in the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### (b) Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

#### (c) Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1.00 in the 2013/14 financial year and 1.0 and 1.6 for 2014/15. Going forward it will be necessary to maintain these levels or even more.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.6 and as part of the financial planning strategy it has been increased to 0.7 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### **(d) Revenue Management**

As part of the financial sustainability strategy, the municipality has revised its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the municipality” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

#### **(e) Creditors Management**

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favourable impact on suppliers’ perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality’s business.

#### **Other Indicators**

Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

#### **1.10.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 11,500 registered indigents have been provided for in the budget with this figured increasing to 13,000 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, 6 kl sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### **1.10.3 Providing clean water and managing waste water**

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2012/13 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.
- Updating the infrastructure plan of the municipality.

## **1.11 OVERVIEW OF BUDGET RELATED-POLICIES**

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions must be tabled to Council for approval. The Budget and Treasury office organised a full day workshop where all the policies were discussed. The purpose of this workshop was to table all these policies for deliberations by the whole management of Budget and Treasury office which included junior, middle and senior management.

Mbombela Municipality has reviewed the following Budget Related policies for the financial year 2012/2013:

### **1.11.1 VIREMENT POLICY**

This is a policy that is designed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegations.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in implementation of this policy.

The policy was discussed at the workshop held on the 12 March 2012 and it was resolved that the following additions/amendments be made to the policy:

- No virements should be allowed on non-cash items (e.g. depreciation).
- The delegations should be in line with the new organizational structure.
- No virement can be approved on the salary related votes except through Council approval.
- Virements on cash items must be within the same category.
- Principle (c) must be qualified with conditions, where by the legislations apply e.g. Unforeseen and unavoidable expenditure MFMA section 29 (2) – (3).

### **1.11.2 BUDGET POLICY**

The budget policy deals mainly with all matters regarding budget matters. It gives a direction on how all the processes should be followed. The legislative and compliance requirements in terms of time lines are also indicated in this policy.

It was also discussed at the workshop and it was resolved that:

- (a) The alignment with GRAP requirements be incorporated into the policy.
- (b) The financial norms and standards.
- (c) Funding and reserves be incorporated into the budget policy.

### **1.11.3 CREDIT CONTROL AND DEBT COLLECTION POLICY**

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) must be clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

There following is the proposed amendments which need to be incorporated into the policy which include amongst others:

- (a) Page 10, Section 4.3.2 to outline a clear guidance on acceptable security deposit payments in the municipality
- (b) Page 11, acceptance of cheques be limited to not more than two dishonoured payment cheques for one client
- (c) The section on budget and IDP be deleted as it is not appropriate in the policy.
- (d) In the system UNIX, there should be two separate accounts for owners and tenants where owners are renting out properties to avoid inconveniencing tenants because of a reluctant owner.
- (e) Page 14, delete 4.11.2. Policy must to refer to Rates by-laws.

### **1.11.4 ECONOMIC INVESTMENT AND PROMOTION POLICY**

This policy is a newly developed policy from the Local Economic Development unit. Its major objective is to provide a framework for the uniform development of incentives in Mbombela Local Municipality that will assist to

- (a) attract investment.
- (b) return existing investment.
- (c) stimulate and create job opportunities.
- (d) support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the municipality. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the Mbombela Local Municipality Property Rates By Law in terms of section 9.4.1(b).

#### **1.11.5 INVESTMENT POLICY**

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005.

All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources.

After deliberations during the workshop it was resolved that the following amendments or additions be incorporated into the policy:

- (a) Asset financing fund be changed to be called distributable accumulative reserve.
- (b) GAMAP be replaced with GRAP.
- (c) The policy must also indicate the risk spread factor rather than investing everything in one.
- (d) Clear segregation of duties amongst all role players be indicated.
- (e) Investment committee be informed timeously of any investment decision made or to be made where possible.
- (f) Approval be granted by the Manager responsible for investment decisions to be made by Investment Officer.

#### **1.11.6 FUNDING AND RESERVES POLICY**

The provisions of the funding and reserves policy will be incorporated into the budget policy.

#### **1.11.7 INDIGENT POLICY**

The department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for Mbombela Local Municipality.

EPWP initiatives must form part of this indigent policy in job creation for the indigents. The linkage of the Supply Chain Management policy to the Indigent policy must be seriously considered as well as LED policy.

### **1.11.8 PAYROLL DESCREPANCY POLICY**

The non-existence of a policy to deal with payroll issues was raised as a concern by the Auditor General. A policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 s34 (5)(a) which states that :

The policy has been developed and its main objectives are:

- (a) To establish policy and procedures for identifying, correcting and recovering salary overpayments and correcting underpayments
- (b) To ensure consistent application of actions taken when implementing the policy
- (c) Establish control measures to mitigate the risk of overpayments and early detection should such occur whether due to human error, technological failure or fraudulent activities.

### **1.11.9 SUPPLY CHAIN MANAGEMENT POLICY**

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of s111, each municipality must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

In August 2005, National Treasury issued Circular 22, Supply Chain Management Model policy. This model policy has been developed to be fully compliant with MFMA. In terms of the circular the model must be adopted as the policy of the municipality and guidelines for adoption the following were proposed:

- (a) The charging of businesses run on residential area was identified as a challenge.
- (b) The prices for tender documents be regulated and be included in the policy as a regulation further form part of the tariff book. After deliberations it was agreed that CIDB price ranges be used as a benchmark for pricing these tenders.
- (c) The awarding of tenders to service providers in arrears with the municipality was discussed.
- (d) The policy must give guidance on how to deal with incubation programme.
- (e) The functionality procedures must be regulated and incorporated in the policy to avoid favouritism

### **1.11.10 SUPPLIER PERFORMANCE MONITORING POLICY**

No changes are proposed on this policy.

### 1.11.11 CONTRACT MANAGEMENT POLICY

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of s 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy.

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

### 1.11.12 PROPERTY RATES POLICY & BY LAW

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the municipality has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above a property rates by law was gazetted on 21 July 2010 as provincial gazette no 1841. As required by law annually the policy needs to be reviewed, the following changes are proposed:

- (a) A committee be established to review applications in order to identify properties that deserve relief measures. This committee will be given terms of reference.
- (b) Rating ratios regarding the **properties categorised as other** should be changed through a phase reduction to avoid financial implication.
- (c) The rates policy must be aligned to the Municipal Property Rates Act.
- (d) On the issue on the categorising of Share block, the meeting suggested that a benchmarking be done with municipality of the same capacity who have share blocks.

### 1.11.13 TARIFF POLICY & BY LAW

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of s 75 are part of the budget related policies that must be reviewed annually. A tariff policy consistent with the provisions of the Act has been developed the following amendments changes are proposed;

- (a) the tariff for bid documents be included in the policy
- (b) value added tax matters (inclusive or exclusive) be clearly indicated on the policy;
- (c) Council sponsored events taking place in Council premises/properties be categorised as commercial or non-commercial;
- (d) events mentioned above be charged different tariffs to cover costs accordingly;
- (e) percentage or determination thereof of takings which Council will charge be mentioned in the policy.

#### **1.11.14 ASSET MANAGEMENT POLICY**

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted.

The municipality has recently completed an exercise where the asset base of the municipality was properly quantified and a GRAP compliant asset register completed. An asset management policy is therefore critical as it will ensure that all relevant stakeholders and role players understand their roles and responsibilities.

#### **1.11.15 INSURANCE POLICY**

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks
- (c) Identify all potential risks and enforce risk control measures
- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets

The policy must be read in conjunction with the Asset Management policy.

All the policies discussed above have been adopted by Council on 29 March 2012 as per council resolution A(3) and the following policies will be gazetted into by laws for effective enforcement once the public participation and consultative process has been undertaken;

- (a) Credit Control and Debt Collection Policy
- (b) Indigent Policy

- (c) Property Rates policy
- (d) Tariff policy & buy- laws

## 1.12 OVERVIEW OF BUDGET ASSUMPTIONS

### 1.12.1 External factors

Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. Consequently, municipal revenues and cash flows are expected to remain under pressure in 2012/13 and so the municipality must adopt a conservative approach when projecting their expected revenues and cash receipts.

Fiscal year	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate	2014 Estimate
Headline CPI	3.3%	5.7%%	5.9%	5.3%	4.9%

The actual CPI for Mpumalanga Province was 6.7% at 31 December 2011 and it remained unchanged in January 2012.

The South African Reserve Bank inflation forecast and outlook for domestic economic growth from Statement of the Monetary Policy Committee issued on 19 January 2012.

### 1.12.2 Credit rating outlook

#### Credit rating outlook

Security class	Currency	Rating	Annual rating 2010/11	Previous Rating
Short term	Rand	Prime -1	5 July 2011	Prime -1
Long-term	Rand	A2.za	5 July 2011	A2.za
Outlook	Rand	Stable	5 July 2011	Stable

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

### 1.12.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2011/12 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### 1.12.4 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Description	Actual 2008/09	Actual 2009/10	Actual 2010/11	Estimate 2011/12	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Payment Levels	92%	85%	97%	90%	92%	92%	94%

The collection average rate of 92% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 8% over the medium-term.

### Growth or decline in tax base of the municipality

The summary of outstanding debts for the past three years, including current financial year until to date is as follows;

Description	2008/2009 Actual	2009/10 Actual	2010/11 Actual	2011/12 Estimate	2012/13 Forecast
Outstanding Debts	R 303 467 611	R331 151 658	R385 743 093	364,965,647	R345 607 354
<b>Growth</b>	<b>22%</b>	<b>9%</b>	<b>16%</b>	<b>-5%</b>	<b>-5%</b>

The municipality has revised a revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been approved by the municipal council on 25 October 2011 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 14% per annum or 1.15% per month.

### Salary increases

The employees' remuneration cost will be R431 million in 2012/2013 financial year due to an increase of R45 million (12%) and the expenditure to the total operating revenue budget, excluding conditional grants is 29%. The employees remuneration cost will increase to R529 million in 2014/2015 financial year and the expenditure to the total operating budget will be 29%. Included in the employees remuneration cost budget is amount of R54 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

### Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve this national priority, municipalities are urged to when drafting 2011/2012 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive Local Economic Development projects.
- Participating fully in the Expanded Public Works Programmes/National youth service plan.
- Implementing interns programmes to provide young people with on-the-job training.

#### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2011/12 MTREF of which cashflow performance has been projected into the cash flow budget.

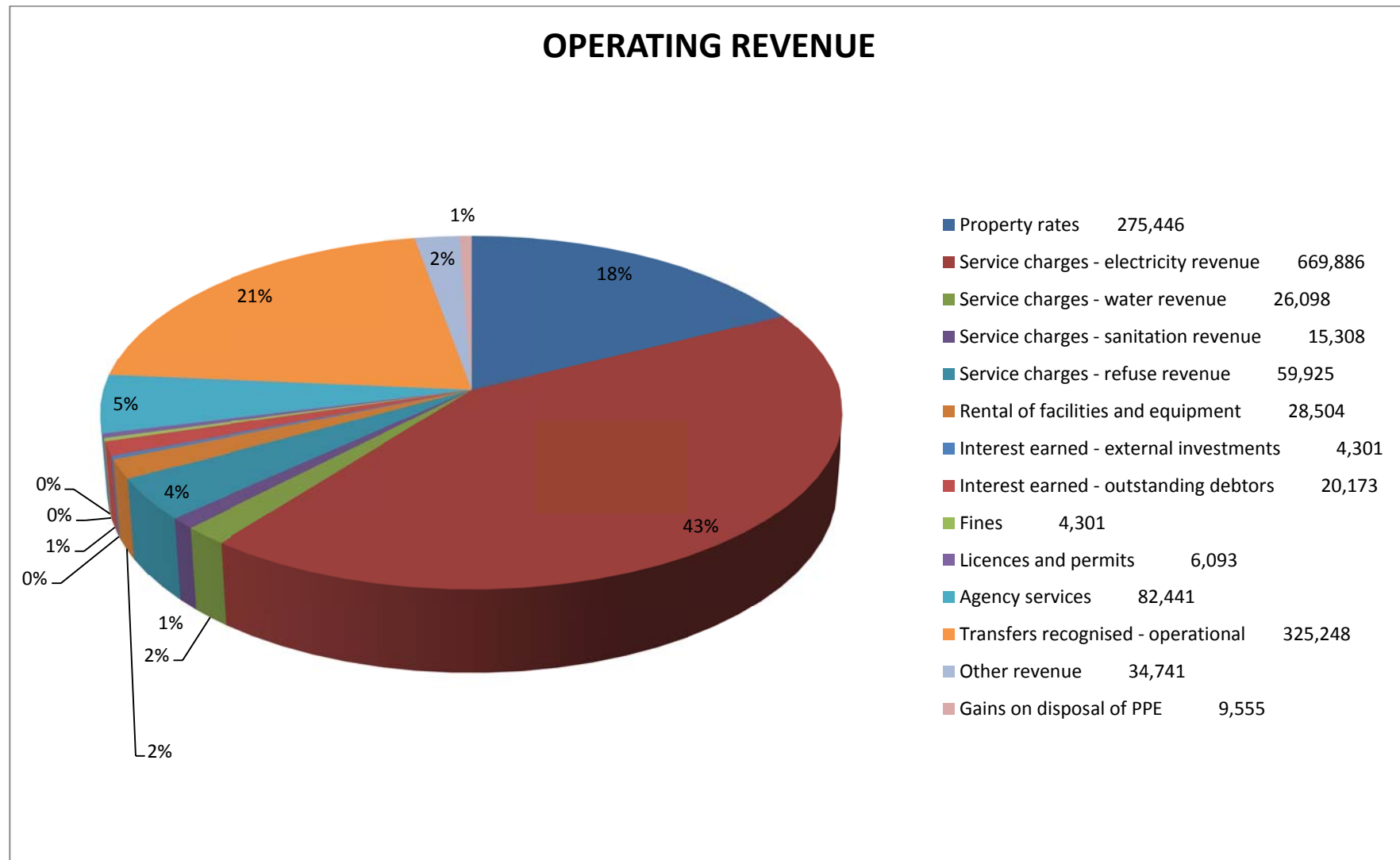
### 1.13 OVERVIEW OF BUDGET FUNDING

#### Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

DESCRIPTION	2011/12 ADJUSTED BUDGET (R-value)	2012/13 ESTIMATE (R-value)	2013/14 FORECAST (R-value)	2014/15 FORECAST (R-value)	GROWTH % - MTREF
Property Rates	-343,941,586	-389,875,258	-429,691,338	-478,093,841	39%
Electricity Services Charge	-491,034,224	-565,107,518	-643,173,001	-737,153,927	50%
Refuse Removal Services Charge	-51,409,726	-57,812,807	-65,183,940	-74,524,799	45%
Sewerage Services Charge	-15,376,863	-17,135,207	-19,120,835	-21,742,684	41%
Water Services Charge	-25,677,281	-28,875,386	-32,221,466	-36,667,963	43%
Operating grants	-298,996,936	-320,607,000	-351,912,000	-387,174,000	29%
Conditional grants	-324,262,100	-292,719,000	-340,188,860	-244,267,000	-25%
Rental Fees	-18,793,579	-22,910,394	-25,327,460	-26,962,635	43%
Interest on Investments	-4,019,260	-4,300,849	-4,429,874	-4,515,891	12%
Interest on Outstanding debts	-15,520,679	-18,339,090	-20,172,999	-22,190,298	43%
Agency Fees	-71,687,560	-77,921,261	-85,713,387	-85,713,387	20%
Licence Fees	-6,298,542	-7,829,954	-9,004,145	-10,354,434	64%
Fines	-2,161,713	-3,742,106	-4,116,754	-4,488,232	108%
Other Income	-27,748,320	-38,969,923	-41,929,492	-53,863,442	94%
Income Foregone	97,196,882	108,690,413	119,227,949	132,056,876	36%
<b>Total Operating Revenue</b>	<b>-1,599,731,487</b>	<b>-1,737,455,340</b>	<b>-1,952,957,601</b>	<b>-2,055,655,656</b>	<b>43%</b>
<b>Growth %</b>		<b>8.6%</b>	<b>12.4%</b>	<b>5.3%</b>	<b>8.8%</b>

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 90% annual collection rate on revenue from rates and services charge;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2011/12 MTREF on the different revenue categories are:

Description	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Electricity	30%	31.27%	19%	20.38%	12%	11%	11%
Water	8%	8%	7%	8%	10.25%	9.4%	10.40%
Sewer	8%	8%	6%	8%	10.25%	9.4%	10.40%
Refuse Removal	8%	9%	8%	10%	10.25%	10%	11%
Property Rates	8%	0%	3%	5%	6.5%	6.7%	6.5%
Other tariffs	8%	10%	6%	10%	11%	11%	11%
Silulumanzi	10%	10.99%	14.42%	9.74%	10.42%	CPI+3%	CPI+3%

**Table 1 Sources of capital revenue over the MTREF**

<b>Source of Funding</b>	<b>2011/2012 (R-value)</b>	<b>2012/2013 (R-value)</b>	<b>2013/2014 (R-value)</b>	<b>2014/2015 (R-value)</b>	<b>Total (R-value)</b>
Capital Replacement Reserve (CRR)	161,343,474	157,207,000	225,744,555	305,255,013	688,206,568
Integrated National Electrification Programme Grant (INEP)	4,302,402		4,824,561	4,385,965	9,210,526
Loan	43,690,278	60,000,000	40,000,000	60,250,000	160,250,000
Municipal Infrastructure Grant (MIG)	256,121,534	164,966,667	174,020,175	184,081,579	523,068,421
Neighbourhood Development Partnership Grant	6,376,969		4,824,561	4,385,965	9,210,526
Public Transport Infrastructure and Systems Grant	45,000,000	86,581,579	99,791,228	-	186,372,807
Energy Efficiency Demandside Management Grant	5,130,317				
Regional Bulk Infrastructure Grant	7,325,322		8,771,930	21,929,825	30,701,754
Library Grant	5,557				
Service Contribution	6,300,000	4,500,000	5,400,000	6,500,000	16,400,000
<b>Grand Total</b>	<b>535,595,853</b>	<b>473,255,246</b>	<b>563,377,010</b>	<b>586,788,346</b>	<b>1,623,420,603</b>

The allocation of the capital funding on projects was based on the national, provincial and municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).

The municipality will be spending in the next three years R1 143 billion (70% of the total capital expenditure budget) on services infrastructure development to address backlogs in terms of;

- bulk water and water reticulation networks, spend R512 million over the medium-term;
- electrification of households, upgrade of existing electricity reticulation networks, spend R199 million over the medium-term;
- upgrading of roads and stormwater systems, spend R279 million over the medium-term; and
- provision of sanitation and upgrade of existing wastewater and sewerage networks, spend R153 million over the medium-term.

The municipality has been granted a public transport authority status by the National Department of Transport and therefore amount of R186 million will be spent in the next two years on institutional arrangements and infrastructure in relation to public transport system.

An amount of R51 million will be spent over the medium-term on development of townships in three areas namely; Magiesdal, Tekwane-South and White River for integrated human settlement.

The R10 million allocated under 2010 legacy function is for the capital expenditure linked to the possible hosting of the 2013 African Cup of Nations. The full cost of hosting of the tournament will be determined once roles and responsibilities have been finalized.

The following flagship projects have not been budgeted for due to limited funds available for funding of the capital expenditure programme and departments responsible for implementation of this projects should develop business plans to submitted to possible funders; Grants and subsidies is a major funding of the capital budget where 51% of the capital budget is funded from grants, followed by internally generated revenue with 36% and borrowing revenue with 11% as well as service contribution with 2%.

**Cash and cash equivalents / Cash backed reserves and accumulated funds**

MP322 Mbombela Supporting Table SA10 Funding measurement											
Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>											
Cash/cash equivalents at the year end - R'000	18(1)b	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	105 308	117 028	220 894
Cash + investments at the yr end less applications - R'000	18(1)b	59 674	(475 155)	(317 163)	(112 333)	(154 238)	(154 238)	(154 238)	5 938	11 071	116 165
Cash year end/monthly employee/supplier payments	18(1)b	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.0	1.0	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	67 467	122 676	92 815
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	24.2%	8.7%	20.5%	(9.3%)	(6.0%)	(6.0%)	9.0%	6.6%	7.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	22.5%	8.7%	1.3%	7.8%	10.0%	10.0%	10.0%	7.8%	7.8%	5.9%
Capital payments % of capital expenditure	18(1)c;19	161.0%	(18.3%)	99.4%	77.8%	95.0%	95.0%	95.0%	90.0%	90.1%	94.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.7%	0.1%	(0.1%)	17.3%	20.7%	20.7%	20.7%	45.1%	0.0%	53.8%
Grants % of Govt. legislated/gazetted allocations	18(1)a								52.8%	52.2%	63.8%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	254.6%	(50.3%)	(17.7%)	(16.4%)	0.0%	0.0%	(25.6%)	(31.3%)	(14.4%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	45.0%	(66.1%)	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	1.8%	2.1%	2.5%	2.5%	2.5%	2.5%	2.8%	2.8%	2.9%	3.2%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	61.6%	59.6%	46.3%	46.3%	0.0%	39.0%	48.5%	55.0%

## **Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

### **Funding Compliance measures**

The cash and cash equivalents as reflected in the funding compliance table below indicated that the municipality has positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R 105 million, R 117 million and R 220 million for each year respectively.

### **Cash/cash equivalent position**

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows R105 million, R117 million and R220 million for each respective financial year.

### **Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

**Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

**Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R67 million, R122 million and R92 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

**Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

**Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 84.2%, 83.9% and 89.2% for each of the respective financial years. Given that the assumed collection rate is based on a 92% performance target, the cash flow statement has been conservatively determined.

**Debt impairment expense as a percentage of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7.8%, 7.8% and 5.9% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

**Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

**Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 45.1%, 0.0% and 25% of own funded capital. .

**Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

**Consumer debtors change (Current and Non-current)**

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality policy of settling debtors' accounts within 30 days.

**Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

**Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

**BUDGET SUPPORTING TABLE FOR 2011/2012 – 2013/2014 MTREF**

**SUPPORTING TABLE SA1**

MP322 Mbombela - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<b>REVENUE ITEMS:</b>										
<u>Property rates</u>										
Total Property Rates	155,406	187,192	197,865	329,642	343,942	343,942	343,942	389,875	429,691	478,094
<i>less Revenue Foregone</i>				90,197	97,197	97,197	97,197	108,690	119,228	132,057
<b>Net Property Rates</b>	155,406	187,192	197,865	239,445	246,745	246,745	246,745	281,185	310,463	346,037
<u>Service charges - electricity revenue</u>										
Total Service charges - electricity revenue	227,314	328,997	400,935	525,034	491,034	491,034	491,034	565,108	643,173	737,154
<i>less Revenue Foregone</i>										
<b>Net Service charges - electricity revenue</b>	227,314	328,997	400,935	525,034	491,034	491,034	491,034	565,108	643,173	737,154
<u>Service charges - water revenue</u>										
Total Service charges - water revenue	18,428	18,176	18,101	23,250	21,519	21,519	21,519	28,875	32,221	36,668
<i>less Revenue Foregone</i>										
<b>Net Service charges - water revenue</b>	18,428	18,176	18,101	23,250	21,519	21,519	21,519	28,875	32,221	36,668
<u>Service charges - sanitation revenue</u>										
Total Service charges - sanitation revenue	12,886	12,657	12,644	13,577	15,377	15,377	15,377	17,135	19,121	21,743
<i>less Revenue Foregone</i>										
<b>Net Service charges - sanitation revenue</b>	12,886	12,657	12,644	13,577	15,377	15,377	15,377	17,135	19,121	21,743
<u>Service charges - refuse revenue</u>										
Total refuse removal revenue	38,306	41,861	45,782	52,700	51,410	51,410	51,410	57,813	65,184	74,525
Total landfill revenue										
<i>less Revenue Foregone</i>										
<b>Net Service charges - refuse revenue</b>	38,306	41,861	45,782	52,700	51,410	51,410	51,410	57,813	65,184	74,525
<u>Other Revenue by source</u>										
<i>Fuel Levy</i>	6									

Other Revenue	34,195	36,326	42,713	31,818	27,099	27,099	27,099	38,970	41,929	53,863
<i>capital conditional grant allocation</i>	591,566	528,045	122,033	286,856	324,262	324,262	324,262	292,719	340,189	244,267
<b>Total 'Other' Revenue</b>	<b>625,767</b>	<b>564,371</b>	<b>164,746</b>	<b>318,674</b>	<b>351,361</b>	<b>351,361</b>	<b>351,361</b>	<b>331,689</b>	<b>382,118</b>	<b>298,130</b>
<b>EXPENDITURE ITEMS:</b>										
<b><u>Employee related costs</u></b>										
Basic Salaries and Wages	242,642	297,223	368,952	302,350	311,650	311,650	311,650	349,462	402,383	436,450
Pension and UIF Contributions				83,624	74,769	74,769	74,769	81,937	87,345	93,022
<i>sub-total</i>	<b>242,642</b>	<b>297,223</b>	<b>368,952</b>	<b>385,974</b>	<b>386,418</b>	<b>386,418</b>	<b>386,418</b>	<b>431,400</b>	<b>489,728</b>	<b>529,472</b>
<u>Less: Employees costs capitalised to PPE</u>										
<b>Total Employee related costs</b>	<b>242,642</b>	<b>297,223</b>	<b>368,952</b>	<b>385,974</b>	<b>386,418</b>	<b>386,418</b>	<b>386,418</b>	<b>431,400</b>	<b>489,728</b>	<b>529,472</b>
<b><u>Contributions recognised - capital</u></b>										
<b><u>Depreciation &amp; asset impairment</u></b>										
Depreciation of Property, Plant & Equipment	282,854	196,892	284,000	352,484	285,484	285,484	285,484	288,339	290,646	292,971
<b>Total Depreciation &amp; asset impairment</b>	<b>282,854</b>	<b>196,892</b>	<b>284,000</b>	<b>352,484</b>	<b>285,484</b>	<b>285,484</b>	<b>285,484</b>	<b>288,339</b>	<b>290,646</b>	<b>292,971</b>
<b><u>Bulk purchases</u></b>										
Electricity Bulk Purchases	166,807	205,774	266,499	316,969	331,891	331,891	331,891	380,983	435,243	494,991
Water Bulk Purchases	4,792	5,738	6,500	6,552	3,552	3,552	3,552	3,552	4,049	4,616
<b>Total bulk purchases</b>	<b>171,599</b>	<b>211,512</b>	<b>272,998</b>	<b>323,521</b>	<b>335,443</b>	<b>335,443</b>	<b>335,443</b>	<b>384,535</b>	<b>439,293</b>	<b>499,608</b>
<b><u>Contracted services</u></b>										
<i>List services provided by contract</i>	95,202	174,467	172,951	172,306	158,751	158,751	158,751	179,838	195,527	206,084
<i>sub-total</i>	<b>95,202</b>	<b>174,467</b>	<b>172,951</b>	<b>172,306</b>	<b>158,751</b>	<b>158,751</b>	<b>158,751</b>	<b>179,838</b>	<b>195,527</b>	<b>206,084</b>
<b>Total contracted services</b>	<b>95,202</b>	<b>174,467</b>	<b>172,951</b>	<b>172,306</b>	<b>158,751</b>	<b>158,751</b>	<b>158,751</b>	<b>179,838</b>	<b>195,527</b>	<b>206,084</b>
<b><u>Other Expenditure By Type</u></b>										
Collection costs	248	530	1,525	–	–	–	–	3,681	3,887	4,042
Consultant fees	–	–	–	7,953	5,301	5,301	5,301	5,566	5,877	6,171
Audit fees	–	–	–	4,232	4,355	4,355	4,355	4,573	4,829	5,090
General expenses	97,834	213,511	151,212	114,814	140,173	140,173	140,173	144,378	151,597	157,661
<i>Total Repairs &amp; Maintenance</i>	<b>89,555</b>	<b>121,329</b>	<b>120,396</b>	<b>–</b>	<b>15,809</b>	<b>15,809</b>	<b>15,809</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>Special Operational projects Projects</i>	<b>–</b>	<b>–</b>	<b>–</b>	<b>63,820</b>	<b>49,273</b>	<b>49,273</b>	<b>49,273</b>	<b>56,515</b>	<b>62,418</b>	<b>67,386</b>
<b>Total 'Other' Expenditure</b>	<b>187,637</b>	<b>335,370</b>	<b>273,132</b>	<b>190,819</b>	<b>214,911</b>	<b>214,911</b>	<b>214,911</b>	<b>214,713</b>	<b>228,608</b>	<b>240,351</b>

<b>Repairs and Maintenance by Expenditure Item</b>										
Employee related costs										
Other materials	8,773	10,715		–						
Other Expenditure	90,259	120,376	131,180	135,634	134,856	134,856		153,645	168,961	190,715
<b>Total Repairs and Maintenance Expenditure</b>	99,032	131,091	131,180	135,634	134,856	134,856	–	153,645	168,961	190,715

**SUPPORTING TABLE SA 2 REVENUE BY SOURCE & EXPENDITURE TYPE & DEPT**

MP322 Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)														
Description	Vote 1 - OFFICE OF THE EXECUTIVE	Vote 2 - OFFICE OF COUNCIL	Vote 3 - OFFICE OF THE CHIEF OF FINANCE	Vote 4 - SECRETARY TO COUNCIL	Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	Vote 6 - DEPUTY MUNICIPAL MANAGER	Vote 7 - PLANNING, PERFORMANCE AND RESEARCH	Vote 8 - TRANSVERS AL SERVICES	Vote 9 - CORPORATE SERVICES	Vote 10 - FINANCIAL SERVICES	Vote 11 - TECHNICAL SERVICES	Vote 12 - COMMUNITY SERVICES	Vote 13 - LED, HUMAN RESOURCES	Total
R thousand														
<b>Revenue By Source</b>														
Property rates	-	-	-	-	-	-	-	-	-	281 185	-	-	-	281 185
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	565 108	-	-	565 108
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	28 875	-	-	28 875
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	17 135	-	-	17 135
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	57 813	-	-	57 813
Rental of facilities and equipment	-	-	-	-	-	-	-	-	33	-	2 504	16 354	4 020	22 910
Interest earned - external investments	-	-	-	-	-	-	-	-	-	4 301	-	-	-	4 301
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	18 339	-	-	-	18 339
Fines	-	-	-	-	-	-	-	-	-	-	-	3 742	-	3 742
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	7 830	-	7 830
Agency services	-	-	-	-	-	-	-	-	-	-	-	77 921	-	77 921
Other revenue	-	6	-	-	-	-	-	-	29	3 982	16 447	7 646	1 120	29 229
Transfers recognised - operational	-	-	-	-	-	-	-	-	-	320 607	-	-	-	320 607
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	9 491	-	-	249	9 741
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	6	-	-	-	-	-	-	62	637 905	687 881	113 493	5 389	1 444 736
<b>Expenditure By Type</b>														
Employee related costs	2 938	4 201	260	5 360	3 693	3 357	12 802	2 032	25 547	47 062	145 364	138 416	40 369	431 400
Remuneration of councillors	-	19 583	528	-	-	-	-	-	-	-	-	-	-	20 111
Debt impairment	-	-	-	-	-	-	-	-	-	19 229	13 848	27 355	15 577	76 009
Depreciation & asset impairment	125	-	-	3	28	437	1	3	924	73	250 932	34 106	1 707	288 339
Finance charges	-	-	-	207	-	-	-	-	-	12 337	9 403	19 792	429	42 168
Bulk purchases	-	-	-	-	-	-	-	-	-	-	384 535	-	-	384 535
Other materials	68	132	0	16	3	6	22	13	148	87	22 710	9 626	45	32 876
Contracted services	97	71	-	15	-	30	6	-	12 082	5 466	86 122	59 165	26	163 080
Other expenditure	2 222	8 636	127	784	3 212	189	3 916	2 372	26 767	25 720	62 033	73 683	21 810	231 471
<b>Total Expenditure</b>	<b>5 451</b>	<b>32 622</b>	<b>915</b>	<b>6 384</b>	<b>6 936</b>	<b>4 018</b>	<b>16 747</b>	<b>4 420</b>	<b>65 469</b>	<b>109 974</b>	<b>974 947</b>	<b>362 143</b>	<b>79 964</b>	<b>1 669 989</b>
<b>Surplus/(Deficit)</b>	<b>(5 451)</b>	<b>(32 616)</b>	<b>(915)</b>	<b>(6 384)</b>	<b>(6 936)</b>	<b>(4 018)</b>	<b>(16 747)</b>	<b>(4 420)</b>	<b>(65 407)</b>	<b>527 931</b>	<b>(287 066)</b>	<b>(248 650)</b>	<b>(74 575)</b>	<b>(225 253)</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	292 719	-	-	-	292 719
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(5 451)</b>	<b>(32 616)</b>	<b>(915)</b>	<b>(6 384)</b>	<b>(6 936)</b>	<b>(4 018)</b>	<b>(16 747)</b>	<b>(4 420)</b>	<b>(65 407)</b>	<b>820 650</b>	<b>(287 066)</b>	<b>(248 650)</b>	<b>(74 575)</b>	<b>67 466</b>

**SUPPORTING TABLE SA 3**

MP322 Mbombela - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<b><u>Consumer debtors</u></b>										
Consumer debtors	303 313 976	331 151 658	358 441	358 441	358 441	358 441	358 441	358 441	358 441	358 441
Less: Provision for debt impairment	(258 024)	(277 896)	(286 276)	(276 938)	(292 801)	(292 801)	(292 801)	(314 387)	(334 102)	(341 053)
<b>Total Consumer debtors</b>	<b>45 290</b>	<b>53 256</b>	<b>72 165</b>	<b>81 503</b>	<b>65 640</b>	<b>65 640</b>	<b>65 640</b>	<b>44 054</b>	<b>24 339</b>	<b>17 388</b>
<b><u>Debt impairment provision</u></b>										
Balance at the beginning of the year	177 483	258 024	277 896	286 276	286 276	286 276	286 276	292 801	314 387	334 102
Contributions to the provision	102 015	51 063	8 993	68 318	84 181	84 181	84 181	75 455	84 569	72 453
Bad debts written off	(21 474)	(31 191)	(612)	(77 657)	(77 657)	(77 657)	(77 657)	(53 869)	(64 853)	(65 502)
<b>Balance at end of year</b>	<b>258 024</b>	<b>277 896</b>	<b>286 276</b>	<b>276 938</b>	<b>292 801</b>	<b>292 801</b>	<b>292 801</b>	<b>314 387</b>	<b>334 102</b>	<b>341 053</b>
<b><u>Property, plant and equipment (PPE)</u></b>										
PPE at cost/valuation (excl. finance leases)	6 298 325	7 140 292	6 266 687	6 762 152	6 775 503	6 775 503	6 775 503	7 201 036	7 708 076	8 265 524
Leases recognised as PPE		-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation	715 221	991 740	1 075 967	1 428 451	1 361 451	1 361 451	1 361 451	1 646 524	1 934 260	2 223 772
<b>Total Property, plant and equipment (PPE)</b>	<b>5 583 104</b>	<b>6 148 552</b>	<b>5 190 720</b>	<b>5 333 701</b>	<b>5 414 052</b>	<b>5 414 052</b>	<b>5 414 052</b>	<b>5 554 512</b>	<b>5 773 816</b>	<b>6 041 752</b>
<b>LIABILITIES</b>										
<b><u>Current liabilities - Borrowing</u></b>										
Current portion of long-term liabilities	7 789	21 860 836	13 261	40 772	40 772	40 772	40 772	12 278	12 278	12 278
<b>Total Current liabilities - Borrowing</b>	<b>7 789</b>	<b>21 861</b>	<b>13 261</b>	<b>40 772</b>	<b>40 772</b>	<b>40 772</b>	<b>40 772</b>	<b>12 278</b>	<b>12 278</b>	<b>12 278</b>

<b>Trade and other payables</b>										
Trade and other creditors	178 611	320 384 270	317 518	133 000	120 000	120 000	120 000	135 000	125 000	120 000
Unspent conditional transfers	414 185	141 284 689	157 464	157 464	157 464	157 464	157 464	33 000	34 650	36 383
VAT	–	–	–	–	40 000	40 000	40 000	–	–	–
<b>Total Trade and other payables</b>	<b>592 796</b>	<b>461 669</b>	<b>474 981</b>	<b>290 464</b>	<b>317 464</b>	<b>317 464</b>	<b>317 464</b>	<b>168 000</b>	<b>159 650</b>	<b>156 383</b>
<b>Non current liabilities - Borrowing</b>										
Borrowing	67 757 235	36 112 292	175 572	179 425	179 425	179 425	179 425	323 345	301 226	273 452
Finance leases (including PPP asset element)	59 320	231 670	73	73	73	73	73	–	–	–
<b>Total Non current liabilities - Borrowing</b>	<b>67 817</b>	<b>36 344</b>	<b>175 645</b>	<b>179 498</b>	<b>179 498</b>	<b>179 498</b>	<b>179 498</b>	<b>323 345</b>	<b>301 226</b>	<b>273 452</b>
<b>Provisions - non-current</b>										
Retirement benefits	79 603	91 848	125 107	125 107	125 107	125 107	125 107	125 107	125 107	125 107
<i>List other major provision items</i>										
Refuse landfill site rehabilitation	1 091	5 115	10 112	10 244	10 244	10 244	10 244	10 859	11 511	12 201
Other	3 317 000	9 939 115	18 951	5 544	–	–	–	–	–	–
<b>Total Provisions - non-current</b>	<b>84 011</b>	<b>106 902</b>	<b>154 170</b>	<b>140 896</b>	<b>135 351</b>	<b>135 351</b>	<b>135 351</b>	<b>135 966</b>	<b>136 618</b>	<b>137 308</b>
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance	1 332 031	5 762 387	5 147 644	5 277 304	5 249 847	5 249 847	5 249 847	5 444 702	5 633 104	6 060 787
Restated balance	1 332 031	5 762 387	5 147 644	5 277 304	5 249 847	5 249 847	5 249 847	5 444 702	5 633 104	6 060 787
Surplus/(Deficit)	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	67 467	122 676	92 815
Other adjustments	4 270 568									
<b>Accumulated Surplus/(Deficit)</b>	<b>5 850 345</b>	<b>6 077 687</b>	<b>4 947 647</b>	<b>5 296 715</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 512 169</b>	<b>5 755 780</b>	<b>6 153 601</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>5 850 345</b>	<b>6 077 687</b>	<b>4 947 647</b>	<b>5 296 715</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 296 972</b>	<b>5 512 169</b>	<b>5 755 780</b>	<b>6 153 601</b>

**SUPPORTING TABLE SA4 RECONCILIATION OF IDP BUDGET (REVENUE)**

Strategic Objective	Goal	Ref	2007/8	2008/9	2009/10	Current Year 2010/11		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast
R thousand								
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development		6 823	2 284	2 515	19 258	14 238	14 238
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services		437 736	624 136	867 939	682 188	590 820	590 820
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development		347 698	484 849	457 027	358 354	350 148	350 148
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation		17 215	11 269	51 732	75 350	15 663	15 663
To ensure legally sound Financial viability and Management	Financial management & viability		195 023	232 437	232 064	499 148	535 021	535 021
Total Revenue (excluding capital transfers and contributions)		1	1 004 495	1 354 976	1 611 278	1 634 299	1 505 890	1 505 890

**SUPPORTING TABLE SA5 RECONCILIATION OF IDP STRATEGIC OBJECTIVES (OPERATING EXPENDITURE)**

MP322 Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)										
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	23 653	41 315	55 389	52 586	16 737	16 737	18 009	19 738	21 159
To strengthen the Delivery of Basic Services and ensure sustained Integrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	420 185	568 950	843 953	837 651	946 747	946 747	1 018 700	1 116 495	1 196 883
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	219 886	253 193	270 778	367 921	320 754	320 754	345 131	378 263	405 498
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	317 383	293 580	24 744	130 970	73 095	73 095	78 650	86 201	92 407
To ensure legally sound Financial viability and Management	Financial management & viability	126 122	143 915	238 983	198 671	195 274	195 274	209 499	229 584	246 894
<b>Total Expenditure</b>		<b>1 107 228</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 799</b>	<b>1 552 607</b>	<b>1 552 607</b>	<b>1 669 989</b>	<b>1 830 281</b>	<b>1 962 841</b>

**SUPPORTING TABLE SA6 RECONCILIATION OF IDP STRATEGIC OBJECTIVES (CAPITAL)**

MP322 Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)										
Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	13 058	19 884	16 316	29 250	23 116	23 116	15 300	25 725	26 486
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	685 540	788 083	248 093	534 580	453 156	453 156	376 688	466 712	488 317
To provide sustainable social ammenities to communities	community development	10 786	43 286	22 092	46 600	41 200	41 200	49 007	45 840	50 885
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	868	1 786	13 500	19 130	14 037	14 037	11 310	12 800	9 600
To ensure legally sound Financial viability and Management	Financial Management	231	341	1 245	7 550	4 087	4 087	10 950	8 800	6 500
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects							10 000	3 500	5 000
<b>Total Capital Expenditure</b>		<b>710 483</b>	<b>853 380</b>	<b>301 246</b>	<b>637 110</b>	<b>535 596</b>	<b>535 596</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

**SUPPORTING TABLE SA8 PERFORMACE INDICATORS AND BENCHMARK**

MP322 Mbombela - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.0%	2.1%	-7.1%	4.0%	5.5%	5.5%	5.5%	3.5%	3.3%	4.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.9%	2.3%	-11.0%	4.8%	6.6%	6.6%	6.6%	4.2%	3.7%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.7%	0.1%	-0.1%	17.7%	21.3%	21.3%	21.3%	46.0%	0.0%	54.7%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.0	1.0	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	1.1	0.5	0.3	0.6	0.4	0.4	0.4	1.0	1.0	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.0	0.0	0.3	0.1	0.1	0.1	0.6	0.7	1.3
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.4%	13.0%	102.0%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.0%	14.7%	9.6%	6.0%	5.1%	5.1%	5.1%	3.5%	2.1%	1.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			82.0%							
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	95.0%	95.0%	100.0%
Creditors to Cash and Investments		31.5%	-570.3%	2013.0%	154.8%	282.9%	282.9%	282.9%	128.2%	106.8%	54.3%
<b><u>Other Indicators</u></b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.9%	18.4%	29.9%	24.0%	24.2%	24.2%	24.2%	24.8%	25.1%	25.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	18.5%	20.0%	31.3%	25.2%	25.3%	25.3%		26.0%	26.2%	26.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.3%	8.1%	10.6%	8.4%	8.4%	8.4%		8.8%	8.7%	9.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.7%	13.3%	25.9%	24.5%	20.2%	20.2%	20.2%	19.0%	17.0%	17.1%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.9	(11.0)	42.6	27.0	27.0	27.0	78.2	80.3	62.9	65.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	14.7%	40.0%	16.8%	11.0%	9.6%	9.6%	9.6%	6.2%	3.8%	2.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.0	1.0	1.8

**SUPPORTING TABLE SA9 SOCIAL, ECONOMICS AND DEMOGRAPHICS, STATISTICS AND ASSUMPTIONS**

MP322 Mbombela - Supporting Table SA9 Social, economic and demographic statistics and assumptions									
Description of economic indicator	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>									
Population	477	662	662	527	527	673	673	673	673
Females aged 15 - 34		268	268	268	268	268	268	268	268
Males aged 15 - 34		260	260	260	260	260	260	260	260
Unemployment		52	52	52	52	52	52	52	52
<b>Monthly household income (no. of households)</b>									
No income		222 666	222 666	222 666	222 666	222 666	222 666	222 666	222 666
R1 - R1 600		215 879	215 879	215 879	215 879	215 879	215 879	215 879	215 879
R1 601 - R3 200		24 311	24 311	24 311	24 311	24 311	24 311	24 311	24 311
R3 201 - R6 400		17 524	17 524	17 524	17 524	17 524	17 524	17 524	17 524
R6 401 - R12 800		18 027	18 027	18 027	18 027	18 027	18 027	18 027	18 027
R12 801 - R25 600		9 817	9 817	9 817	9 817	9 817	9 817	9 817	9 817
R25 601 - R51 200		2 692	2 692	2 692	2 692	2 692	2 692	2 692	2 692
R52 201 - R102 400		612	612	612	612	612	612	612	612
R102 401 - R204 800		297	297	297	297	297	297	297	297

<b>Household/demographics (000)</b>									
Number of people in municipal area	477	662	662	527	527	673	673	673	673
Number of poor people in municipal area		297 760	297 760	300	300	303			
Number of households in municipal area	112 226	112 226	137	137	137	137	137	137	137
Number of poor households in municipal area		59 552	59 552	60	60	61	61	61	61
Definition of poor household (R per month)	2 040	2 040	2 160	2 160	2 160	2 160	2 160	2 160	2 160
<b>Housing statistics</b>									
Formal						-	42 973	42 973	42 973
Informal	-	-	-	-	-	8 330	8 330	8 330	8 330
<b>Total number of households</b>	-	-	-	-	-	8 330	51 303	51 303	51 303
<b>Economic</b>									
Inflation/inflation outlook (CPIX)			4.3%	3.9%	4.6%	5.0%	5.4%	5.6%	5.4%
Interest rate - borrowing						9.0%	9.0%	9.0%	9.0%
Remuneration increases			0.0%	22.5%	24.1%	5.6%	11.6%	13.5%	8.1%
Consumption growth (electricity)			-5.0%	13.0%	3.0%	-1.0%	2.6%	3.0%	2.8%
Consumption growth (water)			65.0%	-44.0%	33.0%	-10.0%	2.0%	2.5%	2.4%
<b>Collection rates</b>									
Property tax/service charges			96.0%	100.0%	92.0%	92.0%	92.0%	92.0%	92.0%
Rental of facilities & equipment			70.0%	57.0%	73.2%	100.0%	92.0%	92.0%	94.0%
Interest - external investments			231.0%	95.0%	63.2%	100.0%	92.0%	92.0%	92.0%
Interest - debtors			127.0%	80.0%	127.7%	100.0%	92.0%	92.0%	92.0%
Revenue from agency services			98.0%	25.0%	97.4%	100.0%	92.0%	92.0%	92.0%

**SUPPORTING TABLE SA10 FUNDING COMPLIANCE MEASURES**

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	567 213	(56 181)	15 773	85 925	42 417	42 417	42 417	105 308	117 028	220 894
Cash + investments at the yr end less applications - R'000	18(1)b	2	59 674	(475 155)	(317 163)	(112 333)	(154 238)	(154 238)	(154 238)	5 938	11 071	116 165
Cash year end/monthly employee/supplier payments	18(1)b	3	9.7	(0.8)	0.2	1.0	0.5	0.5	0.5	1.0	1.0	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	67 467	122 676	92 815
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	24.2%	8.7%	20.5%	(9.3%)	(6.0%)	(6.0%)	9.0%	6.6%	7.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.4%	13.0%	101.9%	83.9%	85.5%	85.5%	85.5%	84.2%	83.9%	89.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	22.5%	8.7%	1.3%	7.8%	10.0%	10.0%	10.0%	7.8%	7.8%	5.9%
Capital payments % of capital expenditure	18(1)c;19	8	161.0%	(18.3%)	99.4%	77.8%	95.0%	95.0%	95.0%	90.0%	90.1%	94.9%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.7%	0.1%	(0.1%)	17.3%	20.7%	20.7%	20.7%	45.1%	0.0%	53.8%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								52.8%	52.2%	63.8%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	254.6%	(50.3%)	(17.7%)	(16.4%)	0.0%	0.0%	(25.6%)	(31.3%)	(14.4%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	45.0%	(66.1%)	(100.0%)	0.0%	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.8%	2.1%	2.5%	2.5%	2.5%	2.5%	2.8%	2.8%	2.9%	3.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	61.6%	59.6%	46.3%	46.3%	0.0%	39.0%	48.5%	55.0%

<b>Supporting indicators</b>											
% incr <i>total service charges (incl prop rates)</i>	18(1)a		30.2%	14.7%	26.5%	(3.3%)	0.0%	0.0%	15.0%	12.6%	13.6%
% incr Property Tax	18(1)a		20.5%	5.7%	21.0%	3.0%	0.0%	0.0%	14.0%	10.4%	11.5%
% incr Service charges - electricity revenue	18(1)a		44.7%	21.9%	31.0%	(6.5%)	0.0%	0.0%	15.1%	13.8%	14.6%
% incr Service charges - water revenue	18(1)a		(1.4%)	(0.4%)	28.4%	(7.4%)	0.0%	0.0%	34.2%	11.6%	13.8%
% incr Service charges - sanitation revenue	18(1)a		(1.8%)	(0.1%)	7.4%	13.3%	0.0%	0.0%	11.4%	11.6%	13.7%
% incr Service charges - refuse revenue	18(1)a		9.3%	9.4%	15.1%	(2.4%)	0.0%	0.0%	12.5%	12.7%	14.3%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	453 936	590 295	699 548	877 069	840 131	840 131	840 131	973 026	1 095 490	1 243 089
Service charges		452 340	588 882	675 327	854 005	826 084	826 084	826 084	950 116	1 070 163	1 216 126
Property rates		155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue		227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	737 154
Service charges - water revenue		18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 875	32 221	36 668
Service charges - sanitation revenue		12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 135	19 121	21 743
Service charges - refuse removal		38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment		1 596	1 412	24 220	23 064	14 047	14 047	14 047	22 910	25 327	26 963
Capital expenditure excluding capital grant funding		119 268	268 817	172 570	289 494	211 334	211 334	211 334	221 707	271 145	372 005
Cash receipts from ratepayers	18(1)a	1 138 964	156 534	924 021	1 086 661	1 100 791	1 100 791	1 100 791	1 190 028	1 339 630	1 484 765
Ratepayer & Other revenue	18(1)a	1 133 910	1 201 862	906 666	1 294 810	1 287 161	1 287 161	1 287 161	1 412 547	1 596 616	1 663 966
Change in consumer debtors (current and non-current)		107 840	170 051	(119 812)	(21 284)	(36 413)	(36 413)	(36 413)	(36 546)	(18 757)	(5 936)
Operating and Capital Grant Revenue	18(1)a	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Capital expenditure - total	20(1)(vi)	710 483	853 380	301 246	637 110	535 596	535 596	535 596	473 255	563 377	586 788
Capital expenditure - renewal	20(1)(vi)	–	1	185 581	379 755	247 872	247 872		184 564	273 383	322 449
<b>Supporting benchmarks</b>											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY									320 607	351 912	387 174
DoRA capital grants total MFY									286 765	322 645	219 267
Total gazetted/adv ised national, provincial and district grants									607 372	674 557	606 441

<u>High Level Outcome of Funding Compliance</u>										
Total Operating Revenue	1 354 976	1 616 253	1 233 850	1 607 288	1 599 731	1 599 731	1 599 731	1 737 455	1 952 958	2 055 656
Total Operating Expenditure	1 107 229	1 300 953	1 433 847	1 587 876	1 552 607	1 552 607	1 552 607	1 669 989	1 830 282	1 962 841
Surplus/(Deficit) Budgeted Operating Statement	247 746	315 300	(199 997)	19 411	47 125	47 125	47 125	67 467	122 676	92 815
Surplus/(Deficit) Considering Reserves and Cash Backing	307 421	(159 855)	(517 160)	(92 921)	(107 113)	(107 113)	(107 113)	73 405	133 747	208 979
MTREF Funded (1) / Unfunded (0)	1	0	0	0	0	0	0	1	1	1
MTREF Funded ✓ / Unfunded ✗	✓	✗	✗	✗	✗	✗	✗	✓	✓	✓

**SUPPORTING TABLE SA 11 PROPERTY RATES SUMMARY**

MP322 Mbombela - Supporting Table SA11 Property rates summary						
Description	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Valuation:</b>						
No. of properties				62 405	62 405	62 405
No. of sectional title values	4 422	4 422	4 422	4 580	4 580	4 580
No. of unreasonably difficult properties s7(2)	108	108	108	108	108	108
No. of supplementary valuations	2	2	2	2	2	
Supplementary valuation	2	2	2	–	–	–
Public service infrastructure value (Rm)	28	28	28	42	0	–
Municipality owned property value (Rm)	3 150	3 150	3 150	3 197	0	–
<b>Valuation reductions:</b>						
Valuation reductions-public infrastructure (Rm)	8	8	8	13	0	–
Valuation reductions-R15,000 threshold (Rm)	622	622	622	624	0	–
Valuation reductions-public worship (Rm)	293	293	293	351	0	–
Valuation reductions-other (Rm)	2 740	2 740	2 740	2 284	0	–
<b>Total valuation reductions:</b>	<b>3 664</b>	<b>3 664</b>	<b>3 664</b>	<b>3 272</b>	<b>0</b>	<b>–</b>
Total value used for rating (Rm)	33 726	33 726	33 726	42 018	0	–
Total market value (Rm)	33 726	33 726	33 726	38 745	0	–
<b>Rating:</b>						
Residential rate used to determine rate for other categories? (Y/N)	Yes			Yes		
Differential rates used? (Y/N)	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	No			No		
Special rating area used? (Y/N)	No			No		
Phasing-in properties s21 (number)	4739			4739		
Rates policy accompanying budget? (Y/N)	Yes			Yes		
Fixed amount minimum value (R'000)	80					
Non-residential prescribed ratio s19? (%)						
<b>Rate revenue:</b>						
Expected cash collection rate (%)	92.0%	90.0%	90.0%	92.0%	92.0%	94.0%

**SUPPORTING TABLE 12 A& B PROPERTY RATES BY CATEGORY**

MP322 Mbombela - Supporting Table SA12a Property rates by category (current year)																
Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2011/12</b>																
<b>Valuation:</b>																
No. of properties	42 973	–	2 075	3 760	64	9 334	211	–	207	108	–	–	1	–	143	–
No. of sectional title property values	3 994	–	428	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)	3		3	3	3	3	3									
Frequency of valuation (select)	4	4	4	4	4	4	4									
Method of valuation used (select)	Market		Market	Market	Market	Market	Other		Market	Other			Other		Dep. Replace	
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.		Land & impr.	Land & impr.			Land only		Land & impr.	
Combination of rating types used? (Y/N)			Yes		Yes	Yes	Yes		Yes	Yes						
Flat rate used? (Y/N)			No	No	No	No	No		No	No						
Total valuation reductions:																
<b>Rating:</b>																
Expected cash collection rate (%)	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
<b>MP322 Mbombela - Supporting Table SA12b Property rates by category (budget year)</b>																
Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Budget Year 2012/13</b>																
<b>Valuation:</b>																
No. of properties	44 520	–	2 155	3 792	87	9 321	318	–	207	108	–	–	–	–	99	–
No. of sectional title property values	4 142	–	438	–	–	–	–	–	–	–	–	–	–	–	–	–
Years since last valuation (select)	3		3	3	3	3	3								3	
Method of valuation used (select)	Market		Market	Market	Market	Market	Market		Market	Other			Other		Dep. Replace	
Base of valuation (select)	Land & impr.		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.		Land only	Land & impr.			Land only		Land & impr.	
Combination of rating types used? (Y/N)	Yes		Yes	Yes	Yes	Yes	Yes		Yes	Yes			Yes		Yes	
Flat rate used? (Y/N)	No	No	No	No	No	No	No		No	No			No		No	
<b>Valuation reductions:</b>																
Valuation reductions-R15,000 threshold (Rm)	624				0											
Valuation reductions-other (Rm)	2 284	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total valuation reductions:																
Total value used for rating (Rm)	18 355	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Expected cash collection rate (%)	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%

**SUPPORTING TABLE SA 13 SERVICE TARIFFS BY CATEGORY**

MP322 Mbombela - Supporting Table SA13 Service Tariffs by category							
Description	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
					Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Property rates (rate in the Rand)</u></b>							
Residential properties				0.6978	0.6978	0.6978	0.6978
Residential properties - vacant land				2.0935	2.0935	2.0935	2.0935
Formal/informal settlements				0.6978	0.6978	0.6978	0.6978
Farm properties - used				0.1745	0.1745	0.1745	0.1745
Industrial properties				1.7446	1.7446	1.7446	1.7446
Business and commercial properties				1.7446	1.7446	1.7446	1.7446
Communal land - residential				0.6978	0.6978	0.6978	0.6978
State-owned properties				2.0935	2.2296	2.3790	2.5383
Municipal properties				exempt	exempt	exempt	exempt
Public service infrastructure				0.1745	0.1858	0.1983	0.2116
Privately owned towns serviced by the owner					-	-	-
State trust land				0.6978	0.7432	0.7929	0.8461
<b><u>Exemptions, reductions and rebates (Rands)</u></b>							
<b><u>Residential properties</u></b>							
R15 000 threshold rebate	15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate				0	0	0	0
Indigent rebate or exemption				1	1	1	1

**SUPPORTING TABLE SA 14 HOUSEHOLD BUILS**

MP322 Mbombela - Supporting Table SA14 Household bills										
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
<u>Monthly Account for Household - 'Middle Income Range'</u>										
Rates and services charges:										
Property rates	251.46	383.89	395.44	407.05	407.05	407.05	6.5%	433.51	462.55	492.62
Electricity: Basic levy	66.33	87.00	80.00	–	–	–	12.0%	–	–	–
Electricity: Consumption	458.30	689.66	860.50	930.00	930.00	930.00	12.0%	1 041.60	1 156.18	1 283.36
Water: Basic levy	40.86	44.13	47.66	51.50	51.50	51.50	10.3%	56.77	62.10	68.56
Water: Consumption	189.84	204.26	221.28	240.00	240.00	240.00	10.3%	264.54	289.41	319.51
Sanitation	240.79	240.00	254.40	219.60	219.60	219.60	10.3%	242.05	264.81	292.35
Refuse removal	81.77	88.31	97.14	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
sub-total	1 329.35	1 737.25	1 956.42	1 955.15	1 955.15	1 955.15	10.3%	2 156.41	2 364.78	2 600.39
VAT on Services	150.90	189.47	218.54	216.73	216.73	216.73	0.01	241.21	266.31	295.09
Total large household bill:	1 480.25	1 926.72	2 174.96	2 171.88	2 171.88	2 171.88	10.4%	2 397.62	2 631.09	2 895.48
% increase/-decrease		30.2%	12.9%	(0.1%)	–	–		10.4%	9.7%	10.0%
<u>Monthly Account for Household - 'Affordable Range'</u>										
Rates and services charges:										
Property rates	35.50	18.82	39.49	290.75	290.75	290.75	6.5%	309.65	330.40	351.87
Electricity: Basic levy	66.33	–	105.96	–	–	–	12.0%	–	–	–
Electricity: Consumption	228.23	370.86	364.61	385.00	385.00	385.00	12.0%	431.20	478.63	531.28
Water: Basic levy	40.86	–	47.66	51.50	51.50	51.50	10.3%	56.77	62.10	68.56
Water: Consumption	150.29	162.26	175.29	190.00	190.00	190.00	10.3%	209.43	229.11	252.94

Sanitation	203.74	152.00	235.40	173.85	173.85	173.85	10.3%	191.63	209.64	231.44
Refuse removal	81.77	28.31	98.04	107.00	107.00	107.00	10.3%	117.94	129.73	144.01
Other				–	–	–	11.0%	–	–	–
sub-total	806.72	732.25	1 066.45	1 198.10	1 198.10	1 198.10	9.9%	1 316.61	1 439.62	1 580.10
VAT on Services	107.97	99.88	143.77	127.03	127.03	127.03	0.00	140.97	155.29	171.95
Total small household bill:	914.69	832.13	1 210.22	1 325.13	1 325.13	1 325.13	10.0%	1 457.58	1 594.91	1 752.05
% increase/-decrease		(9.0%)	45.4%	9.5%	–	–		10.0%	9.4%	9.9%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	35.50	18.82	19.40	174.45	174.45	174.45	6.5%	185.79	198.24	211.12
Electricity: Basic levy	–	–	–	–	–	–	12.0%	–	–	–
Electricity: Consumption	34.01	44.68	36.62	31.50	31.50	31.50	12.0%	–	–	–
Water: Consumption	–	–	–	140.00	140.00	140.00	10.3%	154.32	168.82	186.38
Sanitation	81.77	88.31	97.14	128.10	128.10	128.10	10.3%	141.20	154.47	170.54
Refuse removal				–	–	–	10.3%	–	–	–
sub-total	151.28	151.81	153.16	474.05	474.05	474.05	1.5%	481.30	521.53	568.04
VAT on Services	16.21	18.62	18.73	41.94	41.94	41.94	(0.01)	41.37	45.26	49.97
Total small household bill:	167.49	170.43	171.89	515.99	515.99	515.99	1.3%	522.67	566.79	618.00
% increase/-decrease		1.8%	0.9%	200.2%	–	–		1.3%	8.4%	9.0%

**SUPPORTING TABLE SA 15 AND 17 INVESTMENTS AND BORROWINGS**

MP322 Mbombela - Supporting Table SA15 Investment particulars by type									
Investment type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
<u>Parent municipality</u>									
Securities - National Government	263 158	12	390	100	100	100	100	100	100
Bankers Acceptance Certificates	20 017	22 106	22 597	18 115	18 115	18 115	19 071	20 078	21 138
Municipality sub-total	283 176	22 118	22 987	18 215	18 215	18 215	19 171	20 178	21 238
Consolidated total:	283 176	22 118	22 987	18 215	18 215	18 215	19 171	20 178	21 238
MP322 Mbombela - Supporting Table SA17 Borrowing									
Borrowing - Categorised by type	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
<u>Parent municipality</u>									
Long-Term Loans (non-annuity)		46 839	24 212	175 572	179 425	179 425	208 453	202 704	196 243
Instalment Credit		11 900	11 900	–					
Municipality sub-total	–	58 739	36 112	175 572	179 425	179 425	208 453	202 704	196 243
Total Borrowing	–	58 739	36 112	175 572	179 425	179 425	208 453	202 704	196 243

**SUPPORTING TABLE SA18 TRANSFERS AND GRANTS**

MP322 Mbombela - Supporting Table SA18 Transfers and grant receipts									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>									
<b><u>Operating Transfers and Grants</u></b>									
<b>National Government:</b>	617 481	200 064	282 654	298 622	299 341	299 341	323 561	351 912	387 174
Local Government Equitable Share	151 160	198 406	247 675	282 081	282 081	282 081	312 298	334 542	359 474
Municipal Systems Improvement	735	742	791	790	1 360	1 360	800	870	950
Finance Management	500	916	1 188	1 250	1 250	1 250	1 500	1 500	1 750
Water Services Operating Subsidy	26 548		15 207	14 501	14 650	14 650	6 009	15 000	25 000
Integrated National Electrification Programme			11 408						
EPWP Incentive			1 202				2 954	–	–
2010 World Cup Host City, Expanded PWP Incentive	438 537		5 184	–					
<b>Provincial Government:</b>	48 855	940	2 954	–	–	–	–	–	–
Housing			2 954						
Sport and Recreation	48 000								
SETA	855	940							
<b>Other grant providers:</b>	–	–	926	–	–	–	–	–	–
<i>other provincial grants</i>			926						
<b>Total Operating Transfers and Grants</b>	<b>666 336</b>	<b>201 004</b>	<b>286 534</b>	<b>298 622</b>	<b>299 341</b>	<b>299 341</b>	<b>323 561</b>	<b>351 912</b>	<b>387 174</b>
<b><u>Capital Transfers and Grants</u></b>									
<b>National Government:</b>	325 088	287 598	149 828	227 498	191 430	191 430	286 765	322 645	219 267
Municipal Infrastructure Grant (MIG)	62 212	136 093	88 242	155 031	155 031	155 031	188 062	198 383	209 853
Public Transport and Systems	207 328	75 833	18 475	45 000	45 000	45 000	98 703	113 762	–
Neighbourhood Development Partnership		35	6 064					5 000	4 414
Integrated National Electrification & Elec Demand Side	29 500	55 714	8 744	27 467	(8 601)	(8 601)		5 500	5 000
Water Affairs	26 048	19 923	28 303						
<b>Provincial Government:</b>	1 740	–	–	–	–	–	–	–	–
Provincial Government:	1 740								
<b>Other grant providers:</b>	3 000	–	–	–	–	–	–	–	–
<i>Department of Land Affairs</i>	3 000								
<b>Total Capital Transfers and Grants</b>	<b>329 828</b>	<b>287 598</b>	<b>149 828</b>	<b>227 498</b>	<b>191 430</b>	<b>191 430</b>	<b>286 765</b>	<b>322 645</b>	<b>219 267</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>996 164</b>	<b>488 602</b>	<b>436 362</b>	<b>526 120</b>	<b>490 770</b>	<b>490 770</b>	<b>610 326</b>	<b>674 557</b>	<b>606 441</b>

**SUPPORTING TABLE SA 19 EXPENDITURE ON TRANSFERS AND GRANTS PROGRAMMES**

MP322 Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>EXPENDITURE:</b>									
<u>Operating expenditure of Transfers and Grants</u>									
<b>National Government:</b>	617 481	200 064	282 654	298 622	299 341	299 341	323 561	351 912	387 174
Local Government Equitable Share	151 160	198 406	247 675	282 081	282 081	282 081	312 298	334 542	359 474
Municipal Systems Improvement	735	742	791	790	1 360	1 360	800	870	950
Finance Management	500	916	1 188	1 250	1 250	1 250	1 500	1 500	1 750
Water Services Operating Subsidy	26 548		15 207	14 501	14 650	14 650	6 009	15 000	25 000
Integrated National Electrification Programme			11 408						
EPWP Incentive			1 202				2 954	–	–
2010 World Cup Host City , Expanded PWP Incentiv e	438 537		5 184	–					
<b>Provincial Government:</b>	48 855	940	2 954	–	–	–	–	–	–
Housing			2 954	–	–	–	–	–	–
Sport and Recreation	48 000			–	–	–	–	–	–
SETA	855	940		–	–	–	–	–	–
<b>Other grant providers:</b>	–	–	926	–	–	–	–	–	–
<i>other provincial grants</i>			926						
<b>Total operating expenditure of Transfers and Grants:</b>	666 336	201 004	286 534	298 622	299 341	299 341	323 561	351 912	387 174
<u>Capital expenditure of Transfers and Grants</u>									
<b>National Government:</b>	325 088	287 598	149 828	218 065	191 430	191 430	286 765	322 645	219 267
Municipal Infrastructure Grant (MIG)	62 212	136 093	88 242	155 031	155 031	155 031	188 062	198 383	209 853
Public Transport and Systems	207 328	75 833	18 475	45 000	45 000	45 000	98 703	113 762	–
Neighbourhood Development Partnership		35	6 064					5 000	4 414
Intergrated National Electrification & Elec Demand Side	29 500	55 714	8 744	18 034	(8 601)	(8 601)		5 500	5 000
Water Affairs	26 048	19 923	28 303						
<b>Provincial Government:</b>	1 740	–	–	–	–	–	–	–	–
Prov incial Government:	1 740								
<b>Other grant providers:</b>	3 000	–	–	–	–	–	–	–	–
<i>Department of Land Affairs</i>	3 000								
<b>Total capital expenditure of Transfers and Grants</b>	329 828	287 598	149 828	218 065	191 430	191 430	286 765	322 645	219 267
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	996 164	488 602	436 362	516 687	490 770	490 770	610 326	674 557	606 441

**SUPPORTING SUPPORTING TABLE SA 20 RECONCILIATION OF GRANTS TRANSFERS, RECEIPTS AND UNSPEND**

MP322 Mbombela - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds							2012/13 Medium Term Revenue & Expenditure Framework		
Description	2008/9	2009/10	2010/11	Current Year 2011/12			Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast			
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	47 147	7 707	14 305	–	–	–	–	–	–
Current year receipts	130 902	390 032	282 654	298 622	298 997	298 997	320 607	351 912	387 174
Conditions met - transferred to revenue	178 049	397 739	296 959	298 622	298 997	298 997	320 607	351 912	387 174
<b>Provincial Government:</b>									
Balance unspent at beginning of the year	–	–	4 265	–	–	–	–	–	–
Current year receipts	855	–	2 954	–	–	–	–	–	–
Conditions met - transferred to revenue	855	–	7 218	–	–	–	–	–	–
<b>District Municipality:</b>									
Balance unspent at beginning of the year	894	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue	894	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>									
Balance unspent at beginning of the year	–	–	1 131	–	–	–	–	–	–
Current year receipts	–	–	9 020	–	–	–	–	–	–
Conditions met - transferred to revenue	–	–	10 151	–	–	–	–	–	–
<b>Total operating transfers and grants revenue</b>	<b>179 798</b>	<b>397 739</b>	<b>314 329</b>	<b>298 622</b>	<b>298 997</b>	<b>298 997</b>	<b>320 607</b>	<b>351 912</b>	<b>387 174</b>
<b>Total operating transfers and grants - CTBM</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year	176 518	129 926	106 820	–	–	–	–	–	–
Current year receipts	819 521	454 637	149 828	336 616	324 262	324 262	251 548	292 232	214 783
Conditions met - transferred to revenue	587 300	584 563	256 647	336 616	324 262	324 262	251 548	292 232	214 783
Conditions still to be met - transferred to liabilities	408 740	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>									
Current year receipts	1 740	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue	262	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities	1 478	–	–	–	–	–	–	–	–
<b>District Municipality:</b>									
Current year receipts	3 653	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue	3 653	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>									
Current year receipts	–	–	–	11 000	–	–	–	–	–
Conditions met - transferred to revenue	–	–	–	11 000	–	–	–	–	–
<b>Total capital transfers and grants revenue</b>	<b>591 215</b>	<b>584 563</b>	<b>256 647</b>	<b>347 616</b>	<b>324 262</b>	<b>324 262</b>	<b>251 548</b>	<b>292 232</b>	<b>214 783</b>
<b>Total capital transfers and grants - CTBM</b>	<b>410 218</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>771 013</b>	<b>982 302</b>	<b>570 976</b>	<b>646 238</b>	<b>623 259</b>	<b>623 259</b>	<b>572 155</b>	<b>644 144</b>	<b>601 957</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>410 218</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**SUPPORTING TABLE SA22 SUMMARY STAFF AND COUNCILLORS**

MP322 Mbombela - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	A	B	C	D	E	F	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>									
Basic Salaries and Wages	8 452	9 546	10 391	11 685	11 585	11 585	12 462	13 085	13 740
Pension and UIF Contributions	1 180	1 348	1 488	1 572	1 764	1 764	1 924	2 020	2 121
Medical Aid Contributions	341	329	326	374	155	155	234	246	258
Motor Vehicle Allowance	3 838	3 538	3 834	4 136	4 380	4 380	4 460	4 683	4 917
Cellphone Allowance	–	830	913	890	992	992	1 031	1 082	1 136
Other benefits and allowances	–	13	–	16	97	97	–	–	–
<b>Sub Total - Councillors</b>	<b>13 811</b>	<b>15 604</b>	<b>16 952</b>	<b>18 673</b>	<b>18 973</b>	<b>18 973</b>	<b>20 111</b>	<b>21 116</b>	<b>22 172</b>
<b>% increase</b>		<b>13.0%</b>	<b>8.6%</b>	<b>10.2%</b>	<b>1.6%</b>	<b>–</b>	<b>6.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b><u>Senior Managers of the Municipality</u></b>									
Basic Salaries and Wages	3 049	2 825	3 213	5 436	2 818	2 818	4 632	5 258	5 685
Pension and UIF Contributions	664	590	714	1 196	627	627	1 046	1 188	1 284
Medical Aid Contributions	160	152	157	367	162	162	167	190	205
Performance Bonus	–	–	–	–	–	–	500	568	614
Motor Vehicle Allowance	758	645	599	1 061	553	553	1 190	1 351	1 460
Cellphone Allowance	–	41	78	204	83	83	217	246	266
Other benefits and allowances	123	70	178	108	165	165	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>4 754</b>	<b>4 323</b>	<b>4 939</b>	<b>8 372</b>	<b>4 407</b>	<b>4 407</b>	<b>7 752</b>	<b>8 800</b>	<b>9 514</b>
<b>% increase</b>		<b>(9.1%)</b>	<b>14.3%</b>	<b>69.5%</b>	<b>(47.4%)</b>	<b>–</b>	<b>75.9%</b>	<b>13.5%</b>	<b>8.1%</b>

<b>Other Municipal Staff</b>									
Basic Salaries and Wages	145 682	184 742	221 537	238 850	221 038	221 038	253 745	288 056	311 432
Pension and UIF Contributions	31 620	34 759	44 081	57 460	50 353	50 353	60 077	68 200	73 735
Medical Aid Contributions	8 913	11 310	13 614	18 197	15 611	15 611	20 355	23 107	24 982
Overtime	28 020	19 574	32 542	16 445	32 914	32 914	21 551	24 465	26 450
Motor Vehicle Allowance	11 491	14 149	15 167	18 508	17 066	17 066	20 347	23 098	24 972
Cellphone Allowance	–	527	823	1 343	1 361	1 361	2 078	2 359	2 551
Housing Allowances	6 874	2 432	2 478	3 478	2 691	2 691	3 246	3 684	3 983
Other benefits and allowances	–	17 584	2 929	12 311	26 861	26 861	27 010	30 662	33 151
Payments in lieu of leave	–	4 995	2 944	2 527	5 575	5 575	4 000	4 541	4 909
Long service awards	–	833	844	526	526	526	575	653	706
Post-retirement benefit obligations	–	12 314	27 054	7 956	8 015	8 015	10 662	12 104	13 086
<b>Sub Total - Other Municipal Staff</b>	<b>232 600</b>	<b>303 219</b>	<b>364 012</b>	<b>377 601</b>	<b>382 011</b>	<b>382 011</b>	<b>423 647</b>	<b>480 928</b>	<b>519 957</b>
% increase		30.4%	20.0%	3.7%	1.2%	–	10.9%	13.5%	8.1%
<b>Total Parent Municipality</b>	<b>251 165</b>	<b>323 146</b>	<b>385 903</b>	<b>404 646</b>	<b>405 391</b>	<b>405 391</b>	<b>451 510</b>	<b>510 845</b>	<b>551 644</b>
		28.7%	19.4%	4.9%	0.2%	–	11.4%	13.1%	8.0%

**SUPPORTING TABLE SA 23 SALARIES, ALLOWANCES & BENEFITS (POLITICAL OFFICE / COUNCILLORS / SENIOR MANAGERS)****MP322 Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	Total Package
Rand per annum			1.			2.
<b><u>Councillors</u></b>						
Speaker	1	400 394	78 377	79 029		557 800
Chief Whip	1	319 699	66 272	138 156		524 127
Executive Mayor	1	431 575	83 053	196 958		711 586
Deputy Executive Mayor	–	–	–	–		–
Executive Committee	9	2 959 121	514 615	1 243 403		4 717 139
Total for all other councillors	66	8 351 470	1 415 837	3 832 923		13 600 230
<b>Total Councillors</b>	<b>78</b>	<b>12 462 259</b>	<b>2 158 154</b>	<b>5 490 469</b>		<b>20 110 882</b>
<b><u>Senior Managers of the Municipality</u></b>						
Municipal Manager (MM)		774 049	187 480	364 607	–	1 326 136
Chief Finance Officer		753 444	205 021	104 372	131 433	1 194 270
<i>List of each official with packages &gt;= senior manager</i>						
Deputy Municipal Manager		702 945	196 250	187 834	135 066	1 222 095
General Manager: Corporate Services		589 275	161 261	193 500	–	944 036
General Manager: Community Services		589 275	161 261	193 500	116 750	1 060 786
General Manager : Technical Services		633 671	141 117	169 248	116 750	1 060 786
General Manager: Office of Council		589 275	161 261	193 500	–	944 036
<b>Total Senior Managers of the Municipality</b>	<b>–</b>	<b>4 631 934</b>	<b>1 213 651</b>	<b>1 406 561</b>	<b>500 000</b>	<b>7 752 146</b>

**SUPPORTING TABLE SA 24 SUMMARY OF PERSONNEL NUMBERS**

MP322 Mbombela - Supporting Table SA24 Summary of personnel numbers									
Summary of Personnel Numbers	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	71	–	71	78	–	78	78	–	78
<b>Municipal employees</b>	1 478	1 469	9	1 662	1 655	7	1 662	1 655	7
Municipal Manager and Senior Managers	6	–	6	6	–	6	9	–	6
Other Managers	74	67	7	72	62	5	72	62	5
<b>TOTAL PERSONNEL NUMBERS</b>	<b>1 629</b>	<b>1 536</b>	<b>93</b>	<b>1 818</b>	<b>1 717</b>	<b>96</b>	<b>1 821</b>	<b>1 717</b>	<b>96</b>
<b>% increase</b>				11.6%	11.8%	3.2%	0.2%	–	–
<b>Total municipal employees headcount</b>	<b>1 478</b>	<b>1 469</b>	<b>9</b>	<b>1 662</b>	<b>1 655</b>	<b>7</b>	<b>1 662</b>	<b>1 655</b>	<b>7</b>
Finance personnel headcount	138	135	3	154	151	3	154	151	3
Human Resources personnel headcount	74	67	7	72	62	5	72	62	5

**SUPPORTING TABLE SA 25 BUDGETED MONTHLY REVENUE AND EXPENDITURE**

MP322 Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure															
Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>															
Property rates	25 307	23 057	23 338	23 057	23 057	22 776	23 057	23 620	24 182	24 182	24 463	21 089	281 185	310 463	346 037
Service charges - electricity revenue	50 860	46 339	46 904	46 339	46 339	45 774	46 339	47 469	48 599	48 599	49 164	42 383	565 108	643 173	737 154
Service charges - water revenue	2 599	2 368	2 397	2 368	2 368	2 339	2 368	2 426	2 483	2 483	2 512	2 166	28 875	32 221	36 668
Service charges - sanitation revenue	1 542	1 405	1 422	1 405	1 405	1 388	1 405	1 439	1 474	1 474	1 491	1 285	17 135	19 121	21 743
Service charges - refuse revenue	5 203	4 741	4 798	4 741	4 741	4 683	4 741	4 856	4 972	4 972	5 030	4 336	57 813	65 184	74 525
Rental of facilities and equipment	192	218	197	275	10 997	298	298	527	2 978	481	275	6 174	22 910	25 327	26 963
Interest earned - external investments	3	-	-	1 204	3	-	903	1 075	-	-	1 075	37	4 301	4 430	4 516
Interest earned - outstanding debtors	1 632	1 504	1 430	990	1 339	1 119	2 567	2 292	1 779	1 852	1 302	532	18 339	20 173	22 190
Fines	228	348	180	191	206	273	195	243	131	318	187	1 242	3 742	4 117	4 488
Licences and permits	478	728	376	399	431	572	407	509	274	666	391	2 600	7 830	9 004	10 354
Agency services	-	-	-	-	24 935	-	20 260	7 558	7 325	4 987	10 441	2 416	77 921	85 713	85 713
Transfers recognised - operational	102 594	-	-	3 527	-	80 152	3 847	3 847	70 534	-	-	56 106	320 607	351 912	387 174
Other revenue	6 965	39 139	6 634	23 882	53 070	19 238	7 629	102 824	13 268	13 931	16 916	28 194	331 689	382 118	298 130
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>197 603</b>	<b>119 846</b>	<b>87 676</b>	<b>108 377</b>	<b>168 890</b>	<b>178 610</b>	<b>114 015</b>	<b>198 686</b>	<b>177 998</b>	<b>103 945</b>	<b>113 248</b>	<b>168 559</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>

Expenditure By Type															
Employee related costs	29 767	33 218	34 512	33 218	34 512	36 238	37 532	40 120	40 120	36 238	40 552	35 375	431 400	489 728	529 472
Remuneration of councillors	1 508	1 508	1 569	1 569	1 549	1 569	2 112	1 649	1 629	1 669	1 629	2 152	20 111	21 116	22 172
Debt impairment	-	-	-	-	-	-	43 325	-	-	-	-	32 684	76 009	85 613	72 968
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	232 113	56 226	288 339	290 646	292 971
Finance charges	84	2 614	422	84	548	10 964	2 867	2 910	2 994	1 265	590	16 825	42 168	41 943	59 140
Bulk purchases	26 917	61 526	49 990	23 841	28 071	3 461	24 610	22 688	28 071	32 685	27 302	55 373	384 535	439 293	499 608
Other materials	1 282	1 611	2 203	2 794	2 827	2 926	2 334	2 301	3 616	2 466	2 005	6 509	32 876	37 808	40 076
Contracted services	2 158	3 471	23 379	14 027	13 488	14 927	7 733	9 891	19 782	12 768	11 689	46 524	179 838	195 527	206 084
Other expenditure	2 577	4 144	27 913	16 748	16 103	17 821	9 233	11 809	23 618	15 245	13 956	55 546	214 713	228 608	240 351
Total Expenditure	64 293	108 092	139 986	92 281	97 098	87 904	129 746	91 368	119 831	102 336	329 837	307 214	1 669 989	1 830 282	1 962 841
Surplus/(Deficit)	133 310	11 755	(52 310)	16 096	71 792	90 706	(15 731)	107 318	58 167	1 609	(216 589)	(138 655)	67 467	122 676	92 815
Surplus/(Deficit) after capital transfers & contributions	133 310	11 755	(52 310)	16 096	71 792	90 706	(15 731)	107 318	58 167	1 609	(216 589)	(138 655)	67 467	122 676	92 815
Surplus/(Deficit)	133 310	11 755	(52 310)	16 096	71 792	90 706	(15 731)	107 318	58 167	1 609	(216 589)	(138 655)	67 467	122 676	92 815

**SUPPORTING TABLE SA 26 BUDGETED MONTHLY REVENUE AND EXPENDITURE (MUNICIPAL VOTES)**

MP322 Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)															
Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>															
Vote 4 - SECRETARY TO COUNCIL		6	-	-	-	-	-	-	-	-	-	-	6	7	7
Vote 9 - CORPORATE SERVICES	91	83	84	83	83	81	83	85	87	87	90	73	1 006	1 104	1 211
Vote 10 - FINANCIAL SERVICES	195 431	28 849	139 594	42 809	31 641	176 819	37 225	32 572	139 594	33 502	32 107	40 469	930 611	1 041 296	1 019 142
Vote 11 - TECHNICAL SERVICES	143 592	19 354	20 602	28 718	21 227	118 619	24 973	21 851	93 647	22 475	21 539	87 716	624 313	709 131	811 774
Vote 12 - COMMUNITY SERVICES	40 506	5 460	5 812	8 101	5 988	33 462	7 045	6 164	26 417	6 340	6 076	24 744	176 114	195 501	217 041
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	1 243	168	178	249	184	1 027	216	189	811	195	187	760	5 406	5 918	6 481
<b>Total Revenue by Vote</b>	<b>380 863</b>	<b>53 919</b>	<b>166 270</b>	<b>79 959</b>	<b>59 122</b>	<b>330 008</b>	<b>69 541</b>	<b>60 860</b>	<b>260 555</b>	<b>62 599</b>	<b>59 997</b>	<b>153 762</b>	<b>1 737 455</b>	<b>1 952 957</b>	<b>2 055 656</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - OFFICE OF THE EXECUTIVE MAYOR	300	377	515	653	661	684	546	538	845	576	469	1 522	7 685	9 006	9 866
Vote 2 - OFFICE OF COUNCIL	388	487	666	845	855	884	706	696	1 093	745	606	1 968	9 938	10 869	11 740
Vote 3 - OFFICE OF THE CHIEF WHIP	38	47	65	82	83	86	68	67	106	72	59	191	963	1 150	1 252
Vote 4 - SECRETARY TO COUNCIL	685	860	1 176	1 492	1 510	1 563	1 247	1 229	1 931	1 317	1 071	3 476	17 557	20 041	21 704
Vote 5 - OFFICE OF THE MUNICIPAL MANAGER	603	757	1 035	1 313	1 329	1 375	1 097	1 081	1 699	1 159	942	3 059	15 449	18 014	19 640
Vote 6 - DEPUTY MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-	-	-	(703)	(703)	(640)	(619)
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	685	860	1 176	1 492	1 510	1 562	1 246	1 229	1 931	1 317	1 071	4 179	18 258	21 616	23 878
Vote 8 - TRANSVERSAL SERVICES	190	239	326	414	419	434	346	341	536	365	297	965	4 871	5 889	6 448
Vote 9 - CORPORATE SERVICES	2 533	3 685	3 731	3 915	3 961	4 099	3 270	3 224	5 066	3 454	2 809	6 310	46 057	48 732	51 285
Vote 10 - FINANCIAL SERVICES	11 598	16 870	17 081	17 924	18 135	18 768	14 972	14 761	23 196	15 816	12 863	28 890	210 874	220 720	218 059
Vote 11 - TECHNICAL SERVICES	49 024	71 307	72 198	75 764	76 655	79 329	63 285	62 394	98 047	66 850	54 372	122 113	891 338	984 282	1 060 554
Vote 12 - COMMUNITY SERVICES	21 681	31 536	31 930	33 507	33 901	35 084	27 988	27 594	43 362	29 565	24 046	54 006	394 203	432 893	456 752
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	2 942	4 280	4 333	4 547	4 601	4 761	3 798	3 745	5 885	4 012	3 263	7 329	53 497	57 709	82 281
<b>Total Expenditure by Vote</b>	<b>90 665</b>	<b>131 304</b>	<b>134 233</b>	<b>141 949</b>	<b>143 619</b>	<b>148 629</b>	<b>118 569</b>	<b>116 899</b>	<b>183 699</b>	<b>125 249</b>	<b>101 869</b>	<b>233 304</b>	<b>1 669 989</b>	<b>1 830 281</b>	<b>1 962 842</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>290 198</b>	<b>(77 386)</b>	<b>32 037</b>	<b>(61 990)</b>	<b>(84 497)</b>	<b>181 379</b>	<b>(49 028)</b>	<b>(56 039)</b>	<b>76 856</b>	<b>(62 650)</b>	<b>(41 872)</b>	<b>(79 542)</b>	<b>67 467</b>	<b>122 676</b>	<b>92 815</b>
<b>Surplus/(Deficit)</b>	<b>290 198</b>	<b>(77 386)</b>	<b>32 037</b>	<b>(61 990)</b>	<b>(84 497)</b>	<b>181 379</b>	<b>(49 028)</b>	<b>(56 039)</b>	<b>76 856</b>	<b>(62 650)</b>	<b>(41 872)</b>	<b>(79 542)</b>	<b>67 467</b>	<b>122 676</b>	<b>92 815</b>

**SUPPORTING TABLE SA 27 BUDGETED MONTHLY REVENUE AND EXPENDITURE(STANDARD CLASSIFICATION)**

MP322 Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)															
Description	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	195 522	28 938	139 677	42 891	31 724	176 900	37 307	32 656	139 680	33 589	32 196	24 538	915 618	1 024 515	999 954
Executive and council	–	6	–	–	–	–	–	–	–	–	–	–	6	7	7
Budget and treasury office	195 431	28 849	139 594	42 809	31 641	176 819	37 225	32 572	139 594	33 502	32 107	23 347	913 489	1 022 190	997 415
Corporate services	91	83	84	83	83	81	83	85	87	87	90	1 191	2 123	2 318	2 531
<i>Community and public safety</i>	2 218	3 226	3 266	3 427	3 468	3 589	2 863	2 823	4 436	3 024	2 460	5 524	40 323	46 445	52 863
Community and social services	938	1 365	1 382	1 450	1 467	1 518	1 211	1 194	1 877	1 279	1 041	2 337	17 060	18 892	19 886
Public safety	584	850	861	903	914	946	754	744	1 169	797	648	1 456	10 624	13 997	18 475
Health	695	1 011	1 024	1 074	1 087	1 125	897	885	1 390	948	771	1 732	12 639	13 556	14 502
<i>Economic and environmental services</i>	6 437	8 336	8 440	8 857	8 961	9 274	7 398	9 311	11 462	7 815	8 474	9 433	104 197	114 936	126 807
Planning and development	183	267	270	283	287	297	237	233	366	250	203	456	3 332	3 651	4 003
Road transport	6 254	8 069	8 170	8 574	8 674	8 977	7 161	9 078	11 095	7 565	8 271	8 977	100 865	111 286	122 804
<i>Trading services</i>	45 553	50 834	52 815	50 834	52 815	55 455	57 436	61 397	59 416	55 455	62 057	73 251	677 317	767 062	876 032
Electricity	39 110	43 644	45 344	43 644	45 344	47 612	49 312	52 713	51 013	47 612	53 280	48 178	566 806	645 209	739 594
Water	2 454	2 738	2 845	2 738	2 845	2 987	3 094	3 307	3 201	2 987	3 343	3 023	35 563	37 549	40 170
Waste water management	–	–	–	–	–	–	–	–	–	–	–	17 135	17 135	19 121	21 743
Waste management	3 989	4 452	4 625	4 452	4 625	4 856	5 030	5 377	5 203	4 856	5 434	4 914	57 813	65 184	74 525
<b>Total Revenue - Standard</b>	<b>249 729</b>	<b>91 334</b>	<b>204 198</b>	<b>106 009</b>	<b>96 967</b>	<b>245 218</b>	<b>105 004</b>	<b>106 187</b>	<b>214 994</b>	<b>99 883</b>	<b>105 187</b>	<b>112 746</b>	<b>1 737 455</b>	<b>1 952 958</b>	<b>2 055 656</b>

Expenditure - Standard															
<i>Governance and administration</i>	28 048	37 397	40 514	18 699	21 815	31 476	19 945	18 387	22 750	23 230	25 930	23 453	311 645	337 598	353 438
Executive and council	3 597	4 796	5 196	2 398	2 798	4 037	2 558	2 358	2 918	3 397	2 838	3 077	39 967	45 389	49 238
Budget and treasury office	18 052	24 069	26 075	12 034	14 040	20 258	12 837	11 834	14 642	14 642	17 049	15 043	200 574	209 492	214 203
Corporate services	6 399	8 533	9 244	4 266	4 977	7 182	4 551	4 195	5 191	5 191	6 044	5 333	71 104	82 717	89 997
<i>Community and public safety</i>	18 433	24 577	26 625	12 289	14 337	20 686	13 108	12 084	14 951	14 951	17 409	125 361	314 809	348 105	354 335
Community and social services	5 964	7 951	8 614	3 976	4 638	6 692	4 241	3 909	4 837	4 837	5 632	114 970	176 261	199 029	139 317
Sport and recreation	6 005	8 006	8 673	4 003	4 670	6 738	4 270	3 936	4 870	4 870	5 671	5 004	66 717	70 686	131 242
Public safety	4 589	6 119	6 628	3 059	3 569	5 150	3 263	3 008	3 722	3 722	4 334	3 824	50 988	55 545	59 480
Housing	779	1 039	1 125	519	606	874	554	511	632	632	736	649	8 658	9 773	10 489
Health	1 097	1 462	1 584	731	853	1 231	780	719	890	890	1 036	914	12 185	13 071	13 808
<i>Economic and environmental services</i>	36 087	48 116	52 126	24 058	28 068	40 498	25 662	23 657	29 271	29 271	34 082	221 734	592 631	624 240	661 838
Planning and development	1 608	2 143	2 322	1 072	1 250	1 804	1 143	1 054	1 304	1 304	1 518	1 340	17 862	18 990	20 590
Road transport	34 140	45 521	49 314	22 760	26 554	38 313	24 278	22 381	27 692	27 692	32 244	220 112	571 000	600 853	636 479
Environmental protection	339	452	490	226	264	381	241	222	275	275	320	283	3 769	4 396	4 769
<i>Trading services</i>	45 584	30 112	35 622	31 056	37 565	30 844	38 060	34 305	37 418	38 418	45 829	44 459	449 274	518 267	590 934
Electricity	41 508	25 344	29 956	27 672	32 284	26 581	29 517	27 211	33 667	33 667	39 202	37 928	384 535	439 293	499 608
Water	574	1 432	1 718	716	1 002	1 989	1 231	588	1 388	1 388	931	645	13 603	20 733	24 899
Waste water management	538	1 384	1 000	692	1 307	1 215	938	631	1 092	1 092	1 230	415	11 535	14 908	12 479
Waste management	2 964	1 952	2 948	1 976	2 972	1 060	6 374	5 876	1 271	2 271	4 466	5 470	39 600	43 334	53 949
<i>Other</i>	147	196	212	98	114	165	104	96	119	119	139	122	1 630	2 071	2 297
Total Expenditure - Standard	128 299	140 399	155 099	86 199	101 899	123 669	96 879	88 529	104 509	105 989	123 390	415 129	1 669 989	1 830 282	1 962 841
Surplus/(Deficit) before assoc.	121 430	(49 065)	49 099	19 810	(4 932)	121 549	8 125	17 658	110 485	(6 106)	(18 202)	(302 383)	67 466	122 676	92 814
Surplus/(Deficit)	121 430	(49 065)	49 099	19 810	(4 932)	121 549	8 125	17 658	110 485	(6 106)	(18 202)	(302 383)	67 466	122 676	92 814

**SUPPORTING TABLE SA 28 BUDGETED MONTHLY CAPITAL EXPENDITURE (MUNICIPAL VOTE)**

MP322 Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																				
Description												Medium Term Revenue and Expenditure Framework								
R thousand	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15						
<u>Multi-year expenditure to be appropriated</u>																				
Vote 7 - PLANNING, PERFORMANCE, M&E AND ICT	-	322	450	846	-	876	1 254	545	-	-	577	4 870	7 800	18 100						
Vote 9 - CORPORATE SERVICES	-	255	354	658	-	875	986	836	548	488	(0)	5 000	5 000	4 300						
Vote 10 - FINANCIAL SERVICES	254	-	578	1 854	254	1 439	1 246	1 385	875	875	739	9 500	8 800	6 500						
Vote 11 - TECHNICAL SERVICES	2 125	4 522	7 543	12 453	10 857	34 685	29 855	45 215	35 486	25 485	53 304	261 531	383 549	295 943						
Vote 12 - COMMUNITY SERVICES	1 486	2 542	2 365	3 527	1 245	2 855	2 352	1 385	2 855	3 528	2 226	26 367	29 770	34 885						
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	985	1 543	2 479	3 451	542	1 255	1 486	1 875	1 658	876	900	17 050	40 725	39 486						
Capital multi-year expenditure sub-total	4 850	9 183	13 770	22 789	12 899	41 984	37 179	51 243	41 423	31 253	57 745	324 318	475 643	399 214						
<u>Single-year expenditure to be appropriated</u>																				
Vote 4 - SECRETARY TO COUNCIL	-	254	352	-	-	243	-	-	-	-	0	850	-	-						
Vote 9 - CORPORATE SERVICES	-	385	126	185	-	258	135	-	-	-	0	1 090	-	-						
Vote 10 - FINANCIAL SERVICES	-	125	75	-	-	-	-	-	-	-	0	200	-	-						
Vote 11 - TECHNICAL SERVICES	3 543	6 985	12 453	11 548	2 352	13 855	14 855	12 536	15 285	9 856	11 138	114 407	83 164	179 575						
Vote 12 - COMMUNITY SERVICES	-	2 453	3 125	4 252	897	2 352	1 254	1 352	1 245	1 385	824	19 140	4 570	-						
Vote 13 - LED, HUMAN SETTLEMENT, URBAN & RURAL DEVELOPMENT	1 254	2 352	3 257	2 152	235	1 356	897	769	978	-	0	13 250	-	8 000						
Capital single-year expenditure sub-total	4 796	12 555	19 388	18 138	3 484	18 064	17 140	14 657	17 509	11 242	11 963	148 937	87 734	187 575						
Total Capital Expenditure	9 646	21 738	33 158	40 928	16 383	60 049	54 319	65 901	58 932	42 495	69 708	473 255	563 377	586 788						

**SUPPORTING TABLE SA 29 BUDGETED MONTHLY CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)**

MP322 Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)														
Description												Medium Term Revenue and Expenditure Framework		
R thousand	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Expenditure - Standard</b>														
<i>Governance and administration</i>	679	2 344	2 793	3 228	894	4 981	2 681	2 483	2 211	1 466	(0)	23 760	21 600	16 100
Executive and council	-	254	352	-	-	243	-	-	-	-	0	850	-	-
Budget and treasury office	254	1 235	1 453	1 875	325	2 353	1 325	1 246	825	1 058	(0)	11 950	8 800	6 500
Corporate services	425	855	988	1 352	568	2 385	1 356	1 237	1 385	408	(0)	10 960	12 800	9 600
<i>Community and public safety</i>	1 839	4 699	8 206	9 070	3 474	9 523	6 944	6 540	5 093	3 888	1 231	60 507	49 340	55 885
Community and social services	1 352	1 585	3 585	3 865	1 255	3 568	2 543	1 352	1 425	1 488	0	22 020	22 700	21 090
Sport and recreation	-	1 459	2 352	1 352	524	869	1 366	1 235	842	-	(0)	10 000	3 500	5 000
Public safety	487	855	769	1 352	845	2 585	1 235	2 352	1 325	1 000	681	13 487	8 140	8 795
Housing	-	800	1 500	2 500	850	2 500	1 800	1 600	1 500	1 400	550	15 000	15 000	21 000
<i>Economic and environmental services</i>	4 852	7 829	13 958	10 911	11 354	17 000	17 810	25 817	16 598	13 568	16 011	155 709	200 421	118 792
Planning and development	-	1 245	1 600	2 459	854	1 200	1 325	1 235	1 353	1 028	0	12 300	20 325	17 086
Road transport	4 852	6 584	12 358	8 452	10 500	15 800	16 485	24 582	15 245	12 540	16 011	143 409	180 097	101 706
<i>Trading services</i>	9 857	18 895	24 648	22 795	9 342	30 276	32 067	29 535	23 606	22 154	10 104	233 279	292 016	396 011
Electricity	2 352	3 500	4 500	6 500	2 500	5 625	6 585	6 900	7 500	5 400	1 998	53 360	63 899	81 751
Water	5 400	12 000	15 245	10 251	5 362	16 500	17 469	15 800	12 500	14 254	6 483	131 264	163 885	238 901
Waste water management	1 254	1 895	2 355	3 685	895	5 785	6 758	4 250	2 352	2 500	1 623	33 355	52 682	64 559
Waste management	850	1 500	2 549	2 358	584	2 365	1 254	2 585	1 254	-	0	15 300	11 550	10 800
<b>Total Capital Expenditure - Standard</b>	<b>17 227</b>	<b>33 768</b>	<b>49 605</b>	<b>46 004</b>	<b>25 065</b>	<b>61 779</b>	<b>59 503</b>	<b>64 375</b>	<b>47 508</b>	<b>41 076</b>	<b>27 346</b>	<b>473 255</b>	<b>563 377</b>	<b>586 788</b>

**SUPPORTING TABLE SA 30 BUDGETED MONTHLY CASH FLOW**

MP322 Mbombela - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash Receipts By Source</b>															
Property rates	25 307	23 057	23 338	23 057	23 057	12 776	20 057	23 620	24 182	24 182	24 463	11 594	258 690	285 626	318 414
Service charges - electricity revenue	50 860	46 339	46 904	46 339	46 339	25 774	46 339	47 469	48 599	48 599	49 164	17 174	519 899	591 719	678 241
Service charges - water revenue	2 599	2 368	2 397	2 368	2 368	1 339	2 368	2 426	2 483	2 483	2 512	856	26 565	29 644	33 794
Service charges - sanitation revenue	1 542	1 405	1 422	1 405	1 405	888	1 405	1 439	1 474	1 474	1 491	414	15 764	17 852	20 063
Service charges - refuse revenue	5 203	4 741	4 798	4 741	4 741	2 683	4 741	4 856	4 972	4 972	5 030	1 711	53 188	59 969	68 623
Rental of facilities and equipment	192	218	197	275	10 997	298	298	527	2 978	481	275	6 174	22 910	25 327	26 963
Interest earned - external investments	3	-	-	1 204	3	-	903	1 075	-	-	1 075	37	4 301	4 430	4 516
Interest earned - outstanding debtors	1 632	1 504	1 430	990	1 339	1 119	2 567	2 292	1 779	1 852	1 302	532	18 339	20 173	22 190
Fines	228	348	180	191	206	273	195	243	131	318	187	1 242	3 742	4 117	4 488
Licences and permits	478	728	376	399	431	572	407	509	274	666	391	2 600	7 830	9 004	10 354
Agency services	-	-	-	-	24 935	-	20 260	7 558	7 325	4 987	10 441	2 416	77 921	85 713	85 713
Transfer receipts - operational	102 594	-	-	3 527	-	80 152	3 847	3 847	70 534	-	-	56 106	320 607	351 912	387 174
Other revenue	6 965	39 139	6 634	23 882	13 070	19 238	7 629	2 824	13 268	13 931	16 916	17 382	180 877	206 055	211 405
<b>Cash Receipts by Source</b>	<b>197 603</b>	<b>119 846</b>	<b>87 676</b>	<b>108 377</b>	<b>128 890</b>	<b>145 110</b>	<b>111 015</b>	<b>98 686</b>	<b>177 998</b>	<b>103 945</b>	<b>113 248</b>	<b>118 238</b>	<b>1 510 635</b>	<b>1 691 542</b>	<b>1 871 939</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	256 771	256 771	291 794	214 269
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	100 000	100 000	-	200 000
<b>Total Cash Receipts by Source</b>	<b>197 603</b>	<b>119 846</b>	<b>87 676</b>	<b>108 377</b>	<b>128 890</b>	<b>145 110</b>	<b>111 015</b>	<b>98 686</b>	<b>177 998</b>	<b>103 945</b>	<b>113 248</b>	<b>475 009</b>	<b>1 867 406</b>	<b>1 983 336</b>	<b>2 286 208</b>

Cash Payments by Type															
Employee related costs	29 767	33 218	34 512	33 218	34 512	36 238	37 532	40 120	40 120	36 238	40 552	13 805	409 830	465 242	513 588
Remuneration of councillors	1 508	1 508	1 569	1 569	1 549	1 569	2 112	1 649	1 629	1 669	1 629	2 152	20 111	21 116	22 172
Finance charges	84	2 614	422	84	548	10 964	2 867	2 910	2 994	1 265	590	9 476	34 819	31 486	47 317
Bulk purchases - Electricity	26 917	61 526	49 990	23 841	28 071	3 461	24 610	22 688	28 071	32 685	27 302	32 772	361 934	413 481	470 242
Bulk purchases - Water & Sewer	281	281	281	281	281	281	281	281	281	281	281	281	3 375	3 847	4 386
Other materials	1 282	1 611	2 203	2 794	2 827	2 926	2 334	2 301	3 616	2 466	2 005	4 866	31 232	35 917	38 072
Contracted services	2 158	3 471	23 379	14 027	13 488	14 927	7 733	9 891	19 782	12 768	11 689	37 532	170 846	185 750	195 779
Other expenditure	2 577	4 144	27 913	16 748	16 103	17 821	9 233	11 809	23 618	15 245	13 956	44 209	203 375	217 432	228 614
Cash Payments by Type	64 575	108 373	140 267	92 563	97 380	88 186	86 702	91 649	120 112	102 617	98 005	145 091	1 235 521	1 374 272	1 520 170
Other Cash Flows/Payments by Type															
Capital assets	-	17 227	33 768	49 605	46 004	25 065	61 779	29 503	34 375	37 508	41 076	49 794	425 704	507 369	556 728
Repayment of borrowing	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	1 385	16 624	17 645	25 435
Other Cash Flows/Payments	10 556	10 556	10 556	10 556	10 556	10 556	10 556	10 556	10 556	10 556	10 556	10 555	126 667	72 330	80 009
Total Cash Payments by Type	76 516	137 541	185 976	154 109	155 325	125 191	160 423	133 093	166 428	152 066	151 022	206 826	1 804 515	1 971 616	2 182 341
NET INCREASE/(DECREASE) IN CASH HELD	121 088	(17 695)	(98 300)	(45 731)	(26 435)	19 919	(49 407)	(34 407)	11 570	(48 121)	(37 773)	268 183	62 890	11 720	103 867
Cash/cash equivalents at the month/year begin:	42 418	163 505	145 811	47 511	1 779	(24 655)	(4 736)	(54 143)	(88 551)	(76 981)	(125 102)	(162 875)	42 418	105 308	117 028
Cash/cash equivalents at the month/year end:	163 505	145 811	47 511	1 779	(24 655)	(4 736)	(54 143)	(88 551)	(76 981)	(125 102)	(162 875)	105 308	105 308	117 028	220 895

**SUPPORTING TABLE SA 34a CAPITAL EXPENDITURE ON NEW ASSETS BY ASSET CLASS**

MP322 Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>									
<b>Infrastructure</b>	219 266	361 812	115 184	180 825	211 195	211 195	276 314	280 424	255 345
Infrastructure - Road transport	46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
<i>Roads, Pavements &amp; Bridges</i>	46 677	189 223	31 292	30 245	42 615	42 615	115 409	112 421	35 120
Infrastructure - Electricity	65 741	65 741	31 030	34 639	35 389	35 389	39 060	23 000	22 101
<i>Generation</i>	65 741	65 741	31 030	500	500	500	-	-	-
<i>Transmission &amp; Reticulation</i>				30 739	31 489	31 489	38 560	20 500	17 600
<i>Street Lighting</i>				3 400	3 400	3 400	500	2 500	4 501
Infrastructure - Water	28 902	28 902	11 032	64 041	81 291	81 291	36 950	43 758	92 268
<i>Water purification</i>	28 902	28 902	11 032	20 000	20 000	20 000	-	-	-
<i>Reticulation</i>				44 041	61 291	61 291	36 950	43 758	92 268
Infrastructure - Sanitation	16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
<i>Reticulation</i>	16 956	16 956	643	30 000	30 000	30 000	25 755	48 570	58 520
Infrastructure - Other	60 990	60 990	41 186	21 900	21 900	21 900	59 140	52 675	47 336
<i>Waste Management</i>	4 917	4 917	939	-	-	-	7 600	4 150	3 200
<i>Other</i>	56 073	56 073	40 246	21 900	21 900	21 900	51 540	48 525	44 136

<b>Community</b>	440 760	440 760	-	12 500	12 500	12 500	12 377	9 570	8 995
Parks & gardens	441	441		-	-	-			
Sportsfields & stadia	419 523	419 523		-	-	-			
Community halls				3 000	3 000	3 000	3 000	4 500	5 000
Recreational facilities				-	-	-	270		500
Fire, safety & emergency	2 355	2 355		-	-	-	8 260	4 710	3 295
Security and policing				-	-	-	397	360	200
Museums & Art Galleries	62	62		3 000	3 000	3 000			
Cemeteries				-	-	-	450		
Other	18 380	18 380		6 500	6 500	6 500			
<b>Other assets</b>	50 807	50 807	482	63 530	63 530	63 530	-	-	-
General vehicles	8 472	8 472							
Furniture and other office equipment	329	329	482	-	-	-			
Abattoirs				-	-	-			
Other	42 006	42 006		63 530	63 530	63 530			
<b>Intangibles</b>	-	-	-	500	500	500	-	-	-
Computers - software & programming				500	500	500			
<b>Total Capital Expenditure on new assets</b>	710 834	853 380	115 665	257 355	287 725	287 725	288 691	289 994	264 340

**SUPPORTING TABLE SA 34B CAPITAL EXPENDITURE ON RENEWAL OF EXISTING ASSET BY ASSET CLASS**

MP322 Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	–	–	185 581	337 755	221 435	221 435	176 734	263 663	312 359
Infrastructure - Road transport	–	–	35 293	86 017	91 429	91 429	60 700	73 825	67 986
<i>Roads, Pavements &amp; Bridges</i>			33 391	86 017	91 429	91 429	57 700	69 675	63 986
<i>Storm water</i>			1 902	–	–	0	3 000	4 150	4 000
Infrastructure - Electricity	–	–	17 650	34 300	31 300	31 300	14 300	40 899	59 650
<i>Transmission &amp; Reticulation</i>			17 650	34 300	31 300	31 300	14 300	40 899	59 650
Infrastructure - Water	–	–	65 414	160 277	66 610	66 610	72 514	120 127	146 633
<i>Water purification</i>				112 045	27 890	27 890			
<i>Reticulation</i>			65 414	48 231	38 720	38 720	72 514	120 127	146 633
Infrastructure - Sanitation	–	–	51 521	44 846	32 096	32 096	9 000	4 112	6 040
<i>Reticulation</i>			51 521	35 346	22 596	22 596	9 000	4 112	6 040
<i>Sewerage purification</i>				9 500	9 500	9 500	–	–	–
Infrastructure - Other	–	–	15 703	12 316	–	–	20 220	24 700	32 050
<i>Waste Management</i>			15 703				7 700	7 400	7 600
<i>Other</i>				12 315 715			12 520	17 300	24 450
<b>Community</b>	–	1	–	10 700	5 800	5 800	7 830	9 720	10 090
Sportsfields & stadia				10 700	5 800	5 800	700	4 000	2 000
Swimming pools				–	–	–			
Community halls				–	–	–	1 500	2 000	2 000
Libraries				–	–	–	500	150	190
Recreational facilities				–	–	–	300	500	600
Fire, safety & emergency				–	–	–	4 500	2 700	5 000
Security and policing				–	–	–	250	280	300
Other		1		500 000	–		80	90	
<b>Other assets</b>	–	–	–	31 300	20 636	20 636	–	–	–
Other				31 300	20 636	20 636			
<b>Total Capital Expenditure on renewal of existing assets</b>	–	1	185 581	379 755	247 872	247 872	184 564	273 383	322 449

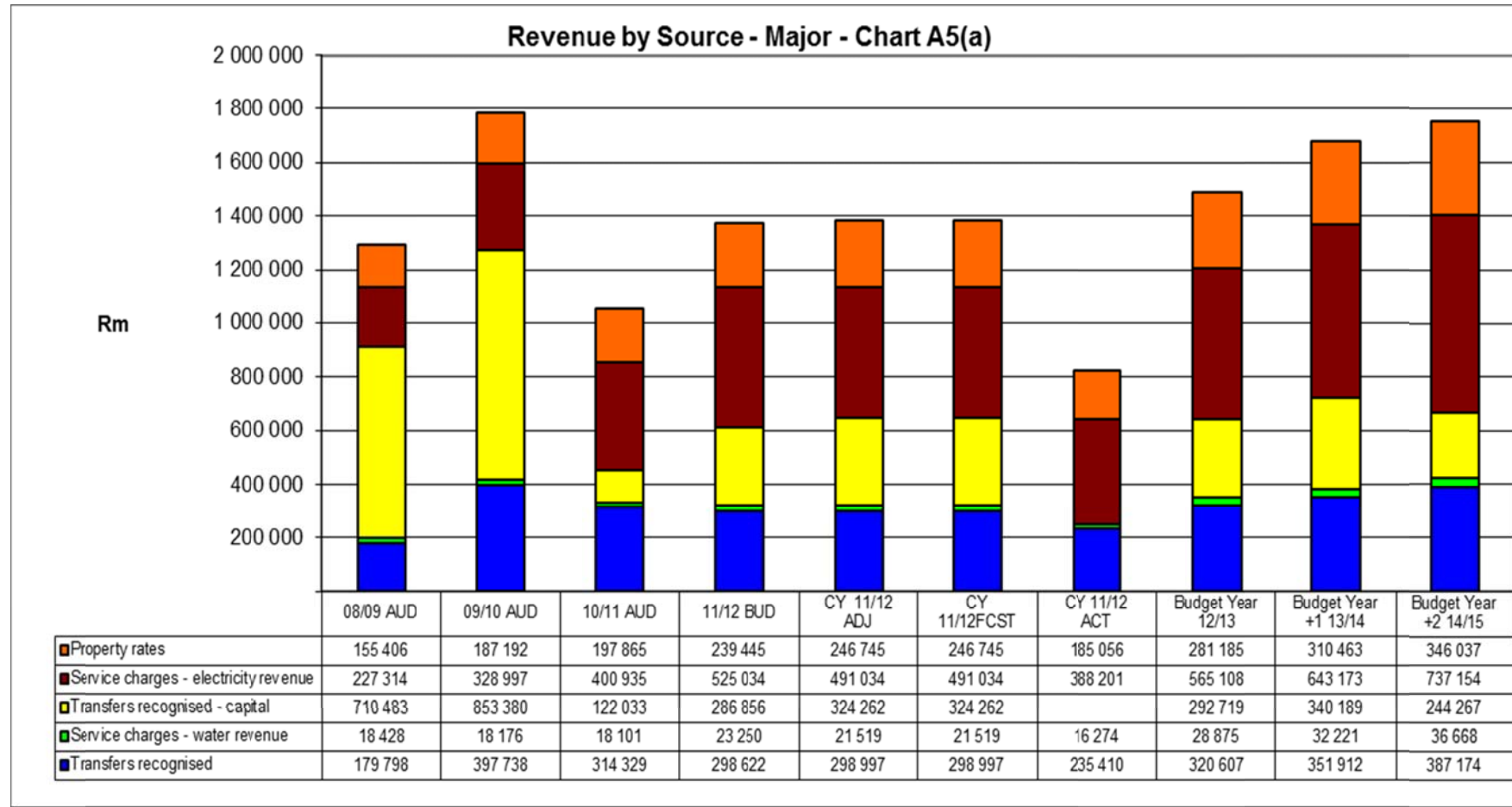
**SUPPORTING TABLE SA 34C REPAIRS AND MAINTENANCE BY ASSET CLASS**

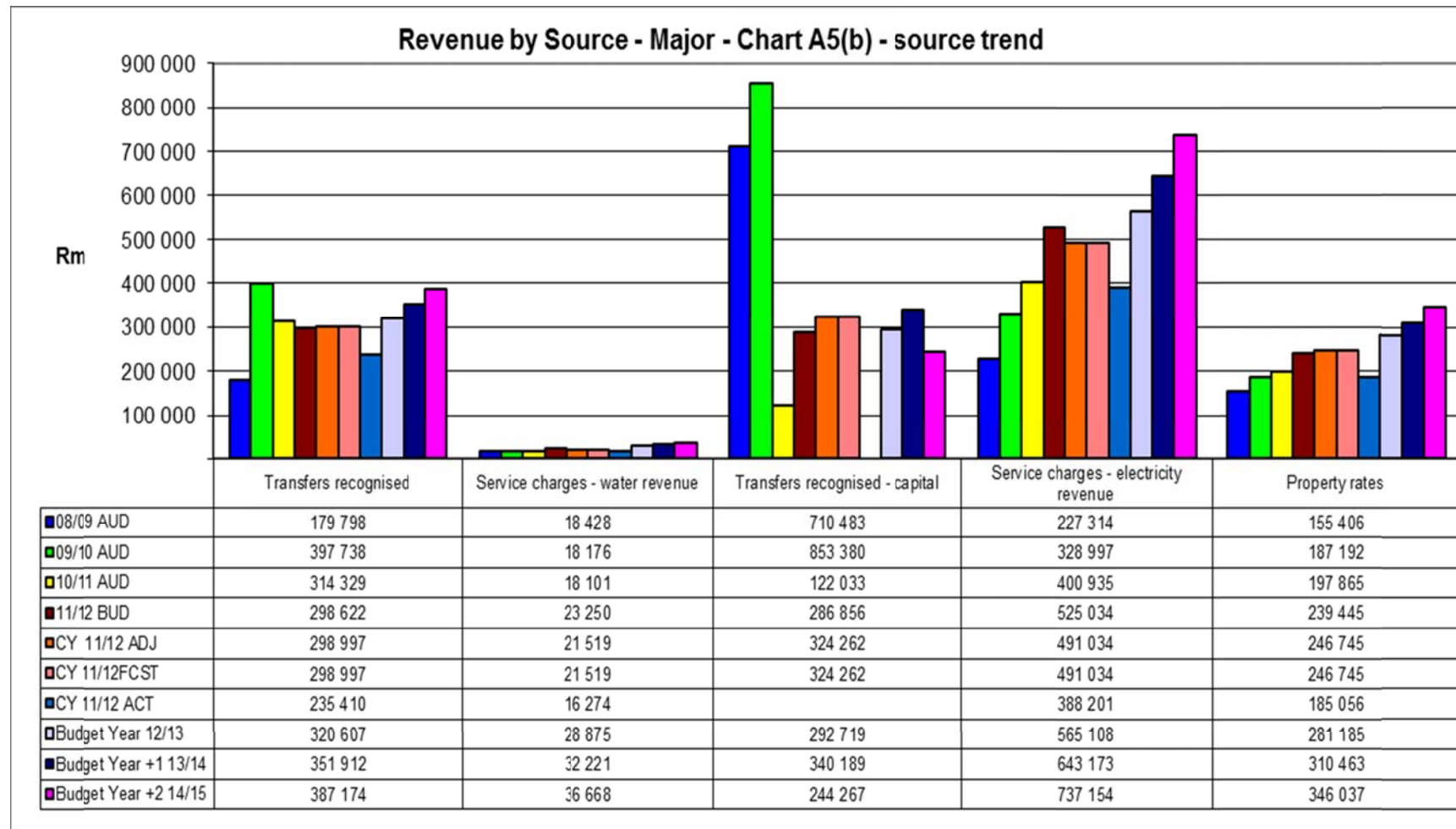
MP322 Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	84 579	107 397	107 890	107 945	103 222	103 222	117 981	129 345	140 535
Infrastructure - Road transport	29 058	48 307	49 950	43 181	34 002	34 002	36 842	40 883	42 677
<i>Roads, Pavements &amp; Bridges</i>	17 212	34 949	35 424	29 241	25 089	25 089	27 330	29 900	31 124
<i>Storm water</i>	11 846	13 358	14 525	13 941	8 913	8 913	9 513	10 983	11 554
Infrastructure - Electricity	25 738	25 046	22 742	22 614	25 106	25 106	29 027	31 099	33 120
<i>Generation</i>	14 630	13 594	16 269	15 362	18 425	18 425	21 524	23 125	25 451
<i>Street Lighting</i>	11 109	11 452	6 473	7 252	6 681	6 681	7 503	7 973	7 669
Infrastructure - Water	13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
<i>Dams &amp; Reservoirs</i>	-	-	-	-	-	-	-	-	-
<i>Water purification</i>	13 791	13 452	14 251	18 245	19 452	19 452	22 165	24 512	28 452
Infrastructure - Sanitation	10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
<i>Sewerage purification</i>	10 162	10 767	8 957	9 927	11 254	11 254	14 528	16 452	17 854
Infrastructure - Other	5 830	9 824	11 989	13 976	13 407	13 407	15 417	16 399	18 431
<i>Waste Management</i>	4 985	8 400	9 816	10 452	11 255	11 255	12 542	13 525	14 979
<i>Other</i>	846	1 424	2 173	3 524	2 152	2 152	2 875	2 875	3 452

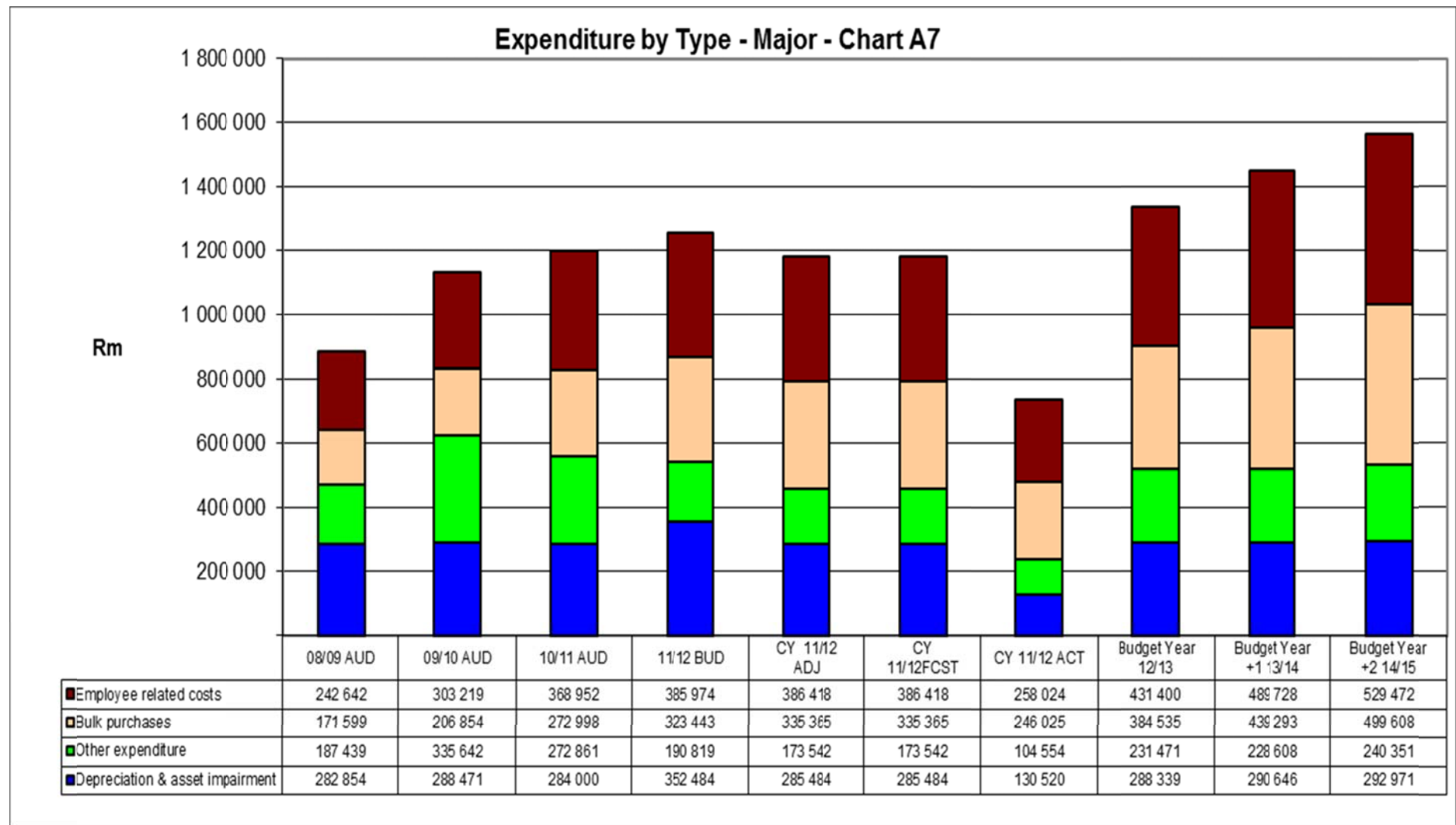
<u>Community</u>	10 150	14 307	16 455	21 415	24 356	24 356	28 076	30 533	40 919
Parks & gardens	235	288	312	312	345	345	525	613	6 352
Sportsfields & stadia	3 453	5 829	4 429	4 625	4 725	4 725	4 822	4 985	5 125
Swimming pools	215	352	255	353	425	425	525	652	625
Community halls	125	85	125	98	121	121	92	96	101
Libraries	562	658	679	855	898	898	985	945	986
Recreational facilities	125	155	190	193	185	185	215	235	2 435
Fire, safety & emergency	322	390	398	406	524	524	895	1 253	1 353
Security and policing	2 352	2 352	5 285	7 525	9 854	9 854	12 352	13 525	14 254
Cemeteries	1 235	2 352	3 254	3 525	3 652	3 652	3 852	4 013	5 125
Other	1 525	1 845	1 529	3 525	3 625	3 625	3 812	4 216	4 563
<u>Other assets</u>	4 303	9 387	6 835	6 274	7 278	7 278	7 588	9 082	9 261
Plant & equipment	2 452	4 273	1 500	2 521	2 542	2 542	2 752	2 985	3 052
Furniture and other office equipment	425	735	288	228	194	194	206	268	308
Civic Land and Buildings	1 425	4 379	5 048	3 525	4 542	4 542	4 630	5 829	5 901
<b>Total Repairs and Maintenance Expenditure</b>	<b>99 032</b>	<b>131 091</b>	<b>131 180</b>	<b>135 634</b>	<b>134 856</b>	<b>134 856</b>	<b>153 645</b>	<b>168 961</b>	<b>190 715</b>

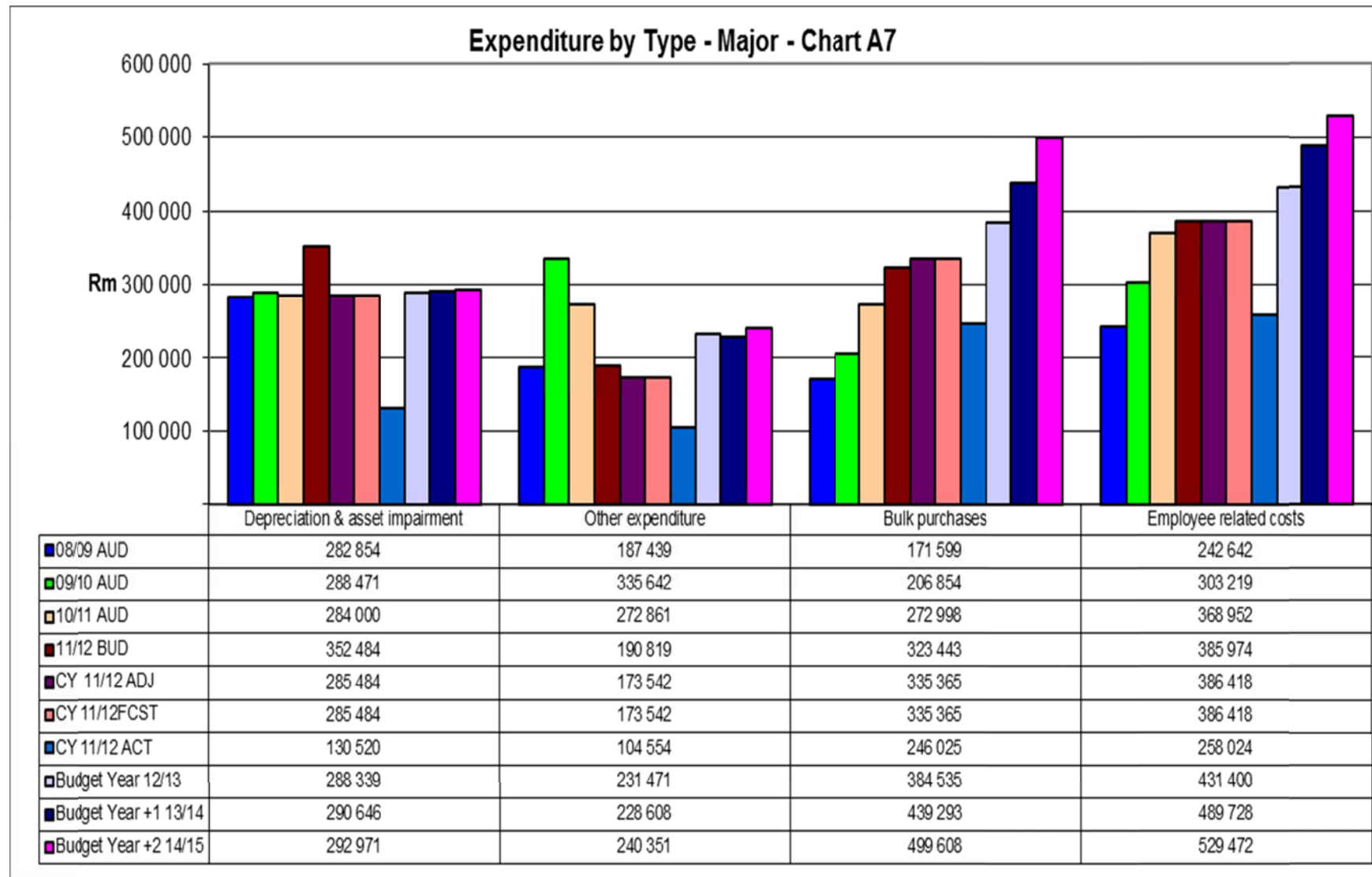
**SUPPORTING TABLE SA 34d DEPRECIATION BY ASSET CLASS**

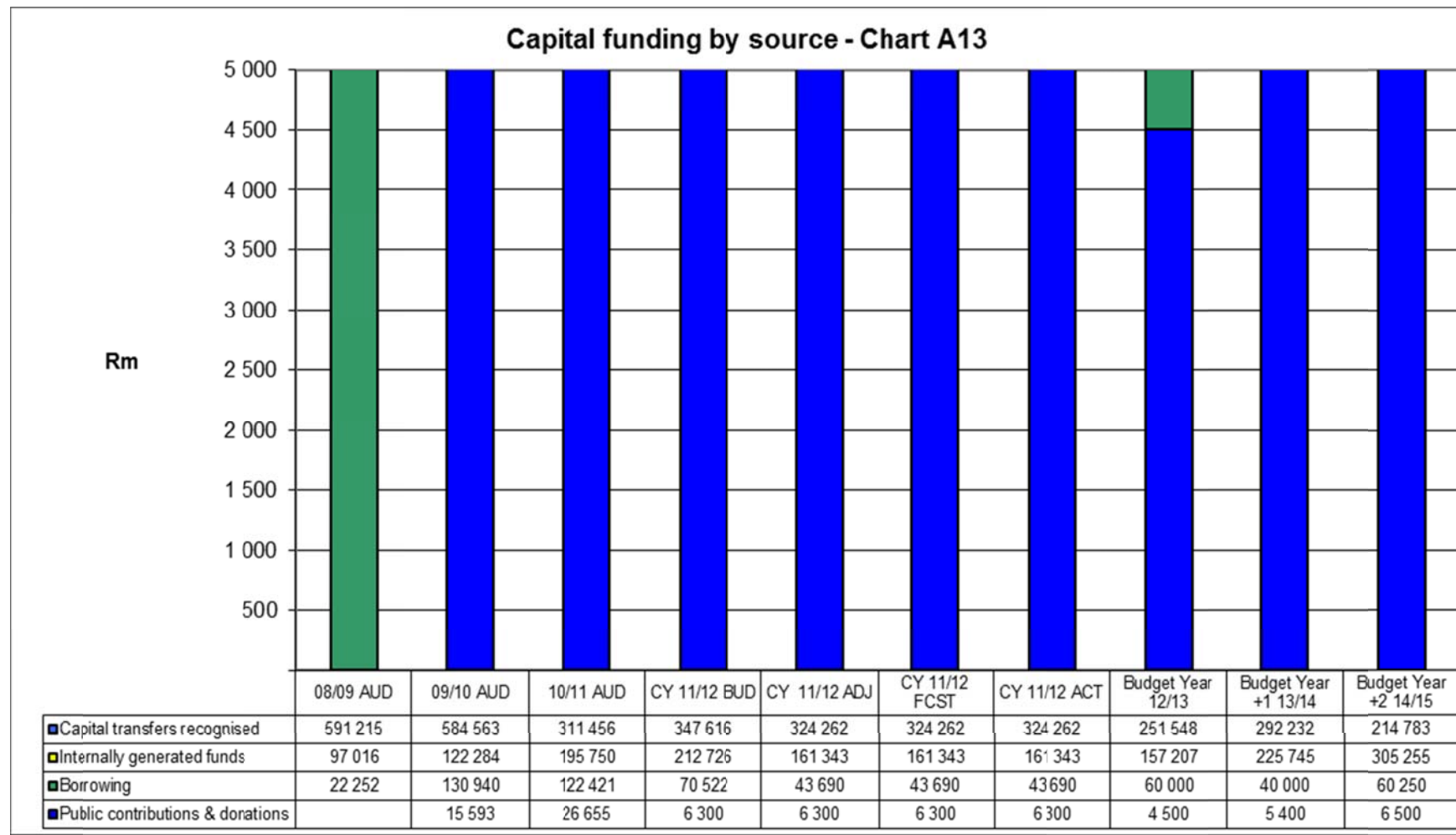
MP322 Mbombela - Supporting Table SA34d Depreciation by asset class									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Depreciation by Asset Class/Sub-class</u></b>									
<b><u>Infrastructure</u></b>	262 938	193 151	270 647	305 693	252 093	252 093	252 349	252 394	254 381
Infrastructure - Road transport	175 252	142 351	195 425	212 540	165 640	165 640	167 626	160 892	161 965
<i>Roads, Pavements &amp; Bridges</i>	175 252	142 351	195 425	212 540	165 640	165 640	167 626	160 892	161 965
Infrastructure - Electricity	33 525	19 855	22 152	23 396	23 396	23 396	22 928	24 762	25 010
<i>Transmission &amp; Reticulation</i>	33 525	19 855	22 152	23 396	23 396	23 396	22 928	24 762	25 010
Infrastructure - Water	22 854	16 525	36 452	44 412	37 712	37 712	36 958	39 914	40 314
<i>Reticulation</i>	22 854	16 525	36 452	44 412	37 712	37 712	36 958	39 914	40 314
Infrastructure - Sanitation	28 954	13 525	15 363	23 899	23 899	23 899	23 421	25 295	25 548
<i>Reticulation</i>	28 954	13 525	15 363	23 899	23 899	23 899	23 421	25 295	25 548
Infrastructure - Other	2 352	895	1 255	1 446	1 446	1 446	1 417	1 531	1 546
<i>Waste Management</i>	2 352	895	1 255	1 446	1 446	1 446	1 417	1 531	1 546
<b><u>Community</u></b>	19 916	3 741	13 353	46 792	33 392	33 392	35 990	38 252	38 590
Sportsfields & stadia	9 563	3 741	12 535	39 503	26 103	26 103	25 581	27 628	27 340
Fire, safety & emergency			817	2 688	2 713	2 713	5 925	5 782	6 359
Other	10 353			4 600	4 575	4 575	4 484	4 842	4 891
<b>Total Depreciation</b>	<b>282 854</b>	<b>196 892</b>	<b>284 000</b>	<b>352 484</b>	<b>285 484</b>	<b>285 484</b>	<b>288 339</b>	<b>290 646</b>	<b>292 971</b>

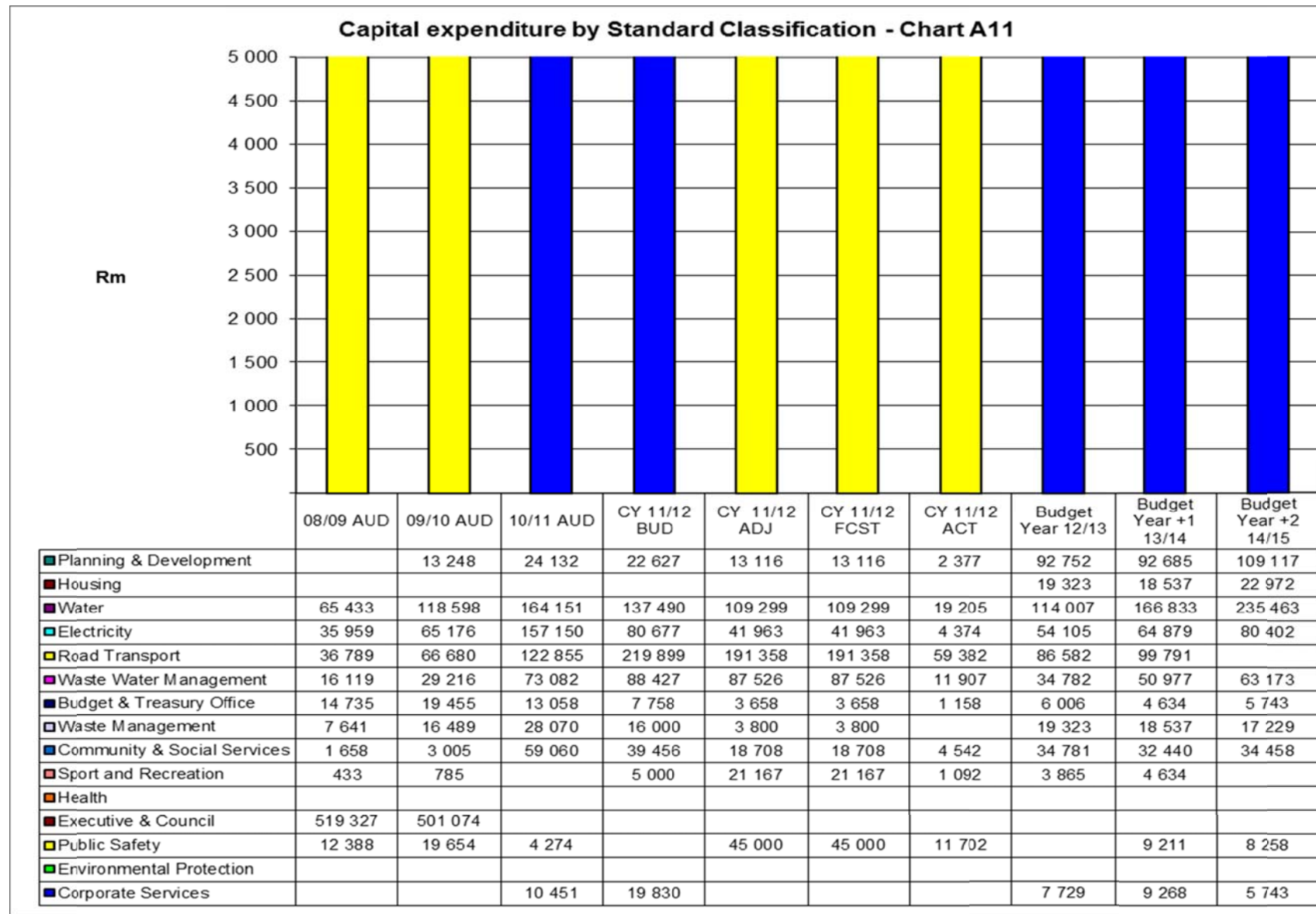
**OTHER SUPPORTING DOCUMENTS (GRAPHS)**



**EXPENDITURE BY MAJOR TYPE**



**CAPITAL BUDGET PER FUNDING SOURCE**



## **1.14 LEGISLATION COMPLIANCE STATUS**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1.14.1 In year reporting**

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

### **1.14.2 Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed from August 2010 and the remaining two are still part of the programme. Since the introduction of the Internship programme the Municipality has successfully trained 33 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Vodacom, SARS, Auditor General, and Provincial Treasury.

### **1.14.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **1.14.4 Audit Committee**

An Audit Committee has been established and is fully functional.

### **1.14.5 Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2012/13 MTREF in May 2011 directly aligned and informed by the 2012/13 IDP and budget.

### **1.14.6 Annual Report**

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

### **1.14.7 Municipal Finance Management Act Training**

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

#### **1.14.8 Policies**

All budget-related policies mentioned earlier have been tabled together with the draft budget before council on 29 March 2012, under item A(2).

Municipal manager's quality certificate

I ....., Acting Municipal Manager of Mbombela Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Mbombela Local Municipality (MP322)

Signature \_\_\_\_\_

Date \_\_\_\_\_